

Letters to the Editor

Taxation

Sir—Mr. Hemingway (October 26) is wrong on all counts when he supports the maintenance of high taxation on higher income groups on the grounds that lower taxation does nothing to produce a higher rate of economic growth.

No amount of reduction of burdens, or hypothesis of "causal relationships" can disguise the fact that his logic is faulty and hence his conclusion, not surprisingly, false. An increased effort or force produces not, as he would have us believe, a once and for all change in position, but an increase in acceleration which is sustained for as long as the increased effort is applied.

I would have thought the causal relationship between reduced disincentive and increased effort was clear, whether one argues from purely a priori grounds, or whether one objectively studies the evidence. Nor is the increased effort confined to the higher income groups. What incentive for greater effort is there for those who, like myself, find themselves at the bottom of the income pyramid if they can see that the minority at the top are (a) subject to a constant barrage of hostile and prejudiced propaganda based on envy, (b) regarded in economic terms as slaves who have a duty in the community to produce desired results and (c) so taxed that they are not much higher than the rest anyway?

However, the main argument in favour of reduced taxation on the upper minority in no way depends on economic results. It is basically a moral issue. Theft is immoral, whether one uses superior physical force to overcome the victim to a back alley, or whether the majority uses its superior numerical strength to elect a government which offers to achieve the same end by the use of the force of law.

If one is seeking a principle which should influence one's decisions in matters concerning the economic treatment of majorities and minorities, then I submit that it is to be found in that great cornerstone of the capitalist creed, the principle of willing exchange.

D. Turpin.

43, Brimstone Avenue, Beccles, Northampton.

Structure of taxation

Sir—Like your correspondent, Andrew G. Elliot (October 21), I agree that we could do much to cure our economic ills by improving the structure of taxation. Having a multitude of different taxes is easier to bear, but the methods used are neither logical

nor efficient. The so-called "system" can best be described as a morass of distortion, discrimination and disincentive. If one thinks at all about our many taxes, these strong, enervate words are not at all that wide of the mark.

Joining the EEC will reduce our autonomy in making changes in this and other important policies, such as farm support. We will be guided by the need to conform, rather than the need to improve our methods. It is all very well to say that we can reform things from within, but the democratic processes of a large, multi-national community will inevitably be slow.

Any changed tax structure for Britain must be based on social justice and to achieve this our national resources must be put to work.

Instead of the present "3 D System," I suggest three radically new dimensions, designed to get rid of distortion and discrimination and to provide the necessary motivation to use human and capital resources more efficiently.

1—Tax spending instead of income (a flat percentage on retail sales). This would give greater freedom of choice to consumers and eliminate discrimination against certain industries.

2—Tax wealth instead of profits and dividends (a flat percentage on corporate and personal wealth). This would give successful firms a chance to grow and attract new capital and would encourage wealth into more productive uses.

3—Establish a Government unit, investing in the elite of industry. This would set the standard for the productive use of wealth and enable those with "idle" assets to pay the wealth tax without hardship.

Certain taxes, such as estate duty and short-term capital gains tax, would remain and some means of influencing the level of imports would be needed, but most other taxes could go.

These changes would appeal to most shades of political opinion and would provide and maintain a real boost to the economy, higher gross national product would enable more revenue to be collected, with a lower percentage rate of taxation. It would also be less costly to administer such a system.

Robert W. T. Hunt.

Springburn Cottage, Well Road, Kibworth, Leicestershire.

Industrialists and EEC

Sir—While I readily accept Mr. S. B. Hainsworth's point that I only speak for a "minority" of Yorkshire industrialists in opposing entry to the

EEC (October 26), my experience is that the ratio of those in favour is not nearly so high as the 35 to 1 represented by the CBI regional council. Perhaps 3 to 1 would be nearer the mark. If so, 25 per cent is a substantial body of opinion by any standards.

Mr. Hainsworth also refers to "a majority in support" at the CBI meeting he so eloquently chaired at the Selby Fork Motor Hotel in March 1970. As I recall, the vote was taken at the meeting. As speakers from the floor were 5 to 4 against, I can only assume he had access to the views of the "silent majority" on that occasion.

James Towler.

Chairman, Ultrasonics Ltd., Orley Road, Shipley.

Europe and Ireland

Sir—Preoccupied as MPs will be on Thursday, and thereafter, with the question of our own entry into the EEC, it is to be hoped that they will not neglect the fact that they are taking applicants to join at the same time.

In particular, the implications of the application from Eire should be closely examined in the light of the hostility displayed towards the rest of the U.K.

It would be prudent to veto Eire's admission until the Irish question has been resolved and peace in Ulster assured. In the meantime, the anomalous preferences granted to Eire should be ended and vigorous steps taken to control the movements of goods, workers and capital across the Irish Sea in order to hasten that process.

J. D. H. Nicholas.

37, Waldeck Road, W.13.

A united Ireland

Sir—What reasons has Mr. Wilson (October 26) for wanting to put the capital of Ireland in Belfast when in the past a British Government made Dublin the historic capital. Where did they go wrong?

Reading Mr. Wilson's letter one would conclude that he had an established Church in Ireland and that the Catholic Church, Has Mr. Wilson got facts that are denied to the rest of us? The Catholic Church is not and never has been an established Church in Ireland. By virtue of it being the religion of the majority in Ireland it is the recognised religion of the country and as such occupies a privileged position. This is somewhat different

from being established. The real answer to Northern Ireland's problems is the disestablishment of the Orange Order! There are 1m. people in Northern Ireland, all estimates 3 to 1 would be nearer the mark. If so, 25 per cent is a substantial body of opinion by any standards.

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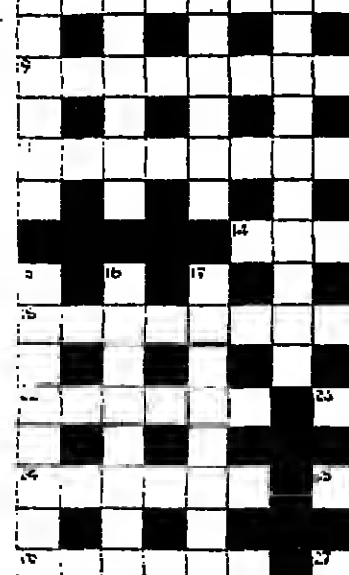
TV/Radio

LATEST WILLS

Sir William G. Roper, of Redale, Yorkshire, former director of Sir R. Roper and Co., ship owners, and for ten years deputy chairman of Lloyds Register of Shipping, left £124,276 gross (net £84,441) . . . £115,488

Sir William D. Ross, of Oxford, vice chancellor of Oxford University from 1941 to 1943, and provost of Driel College from 1929 to 1947, left £61,443 (net £40,000) . . . £60,702

F.T. CROSSWORD PUZZLE NO. 1704



ACROSS

- Footballer gets part of his ticket home (4, 4)
- Rise in the pull we hear (6)
- Reason given in disorder (8)
- Butt appears at page 50 on left (6)
- Visionary's request for time to think (13, 2, 3)
- Way a beer drinker grows older (16)
- It is landed with an abnegation to pay tax (16, 4)
- Goalkeeper at Twickenham is expected to gain an advantage (13, 5, 4)
- Catch a female lower down (16)
- Look for patrolman abroad (16)
- It carries out holding operation when under fire (13, 3)
- Hein Adam provide some light relief for minorist (6)
- A swindle to take money from sport (14, 4)
- Nice Los Angeles for amusement (14, 2)
- Find it's not straightforward going in Actle (6)
- Graduates prepared by a dog (16)
- China monopoly put store out of business (8, 4)

BBC 1

*9.30 a.m. For Schools, Colleges. *12.30 p.m. Dressmaking, part 4. *1.30 p.m. O'Crud R. Bedd: Religious discussion. *1.30 p.m. Wood: Watch with Mother. *1.45 News. *2.45 For Schools, Colleges. *3.25 Tennis from Wimbledon. *4.15 Play School. *4.40 Jackanory. *4.55 Blue Peter. *5.20 Ivanhoe. *5.44 News. *6.00 Nationwide and Your Region To-night. *6.30 Tom and Jerry. *7.00 Owen MD

BBC 2

11.00 a.m. Day School. *6.35 a.m. History of the Race. *7.05 Opeo University, Mathematics. *7.30 News. *8.00 Europe: Switzerland and the Cross-roads. *8.30 Trial. *9.30 Show of the Week: Mantovani and his Concert Orchestra. *10.05 News on 2. *10.10 News Cinema: "Kanal". *11.40 Late Night Line-up.

LONDON

10.20 a.m. and 1.40 p.m. Schools. *2.32 Racing from Newmarket. *4.40 O'Crud R. Bedd: Religious discussion. *4.45 News. *5.20 Ivanhoe. *5.44 News. *6.00 Nationwide and Your Region To-night. *6.30 Tom and Jerry. *7.00 Owen MD

225 Top of the Pops.

3.00 Bachelor Father. 3.30 Moby Python's Flying Circus. 9.00 Nine O'clock News. 9.20 Play for Today. 10.10 24 Hours from Parliament Square—The Great Decision—Britain's entry into the Common Market. 11.10 Comedy Club, part 2. All Regions as BBC 1 except at the following times: Wales—2.20-2.50 p.m. For Schools: Dwygym Cymraeg: Cwm Tawe, part 3. *6.00-6.50 Wales Today. *6.30-7.15 Heddlu. *7.15-7.25 Tom and Jerry. *8.00-8.30 Week In Week Out. Scotland—2.20-2.50 p.m. For Schools: Around Scotland: Speyside, part 3. *6.00-6.50 Reporting Scotland. *11.37 Scottish News. Northern Ireland—*6.00-6.50 p.m. Scene Around Six. *11.37 Northern Ireland News Headlines. Eire—*6.00-6.50 p.m. Look North from Leeds, Manchester, Newcastle: Midlands To-day (from Birmingham): Look East (from Norwich): Points West (from Bristol): South To-day (from Southampton): Spotlight South-West (from Plymouth). *11.37 Regional News Headlines.

BBC 2

11.00 a.m. Day School. *6.35 a.m. History of the Race. *7.05 Opeo University, Mathematics. *7.30 News. *8.00 Europe: Switzerland and the Cross-roads. *8.30 Trial. *9.30 Show of the Week: Mantovani and his Concert Orchestra. *10.05 News on 2. *10.10 News Cinema: "Kanal". *11.40 Late Night Line-up.

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2.30 Cinema.

9.30 Decision on Europe—Common Market Debate result. 11.00 Looking at . . . Porcelain. Jane Probyn's guest is John Cushion, Senior Research Assistant in the Department of Ceramics at the Victoria and Albert Museum. *11.30 Scotland Yard Mysteries. 12.00 p.m. Gideons International: Allan Jackson talks to the Rev. Victor Gollancz about his work with Gideons International. All ITV Regions as London except at the following times: ANGLIA 4.30 a.m. Transatlantic Family Day. 4.55 News. 6.00-6.50 Reporting Scotland. 6.55 News. 7.00-7.15 Heddlu. 7.15-7.25 Tom and Jerry. 8.00-8.30 Week In Week Out. 8.30 News. 9.00 Nine O'clock News. 9.20 Play for Today. 10.10 24 Hours from Parliament Square—The Great Decision—Britain's entry into the Common Market. 11.10 Comedy Club, part 2. All Regions as BBC 1 except at the following times: Wales—2.20-2.50 p.m. For Schools: Dwygym Cymraeg: Cwm Tawe, part 3. *6.00-6.50 Wales Today. *6.30-7.15 Heddlu. *7.15-7.25 Tom and Jerry. *8.00-8.30 Week In Week Out. Scotland—2.20-2.50 p.m. For Schools: Around Scotland: Speyside, part 3. *6.00-6.50 Reporting Scotland. *11.37 Scottish News. Northern Ireland—*6.00-6.50 p.m. Scene Around Six. *11.37 Northern Ireland News Headlines. Eire—*6.00-6.50 p.m. Look North from Leeds, Manchester, Newcastle: Midlands To-day (from Birmingham): Look East (from Norwich): Points West (from Bristol): South To-day (from Southampton): Spotlight South-West (from Plymouth). *11.37 Regional News Headlines.

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American News

China vote 'spectacle' may slow U.S. aid

WASHINGTON, Oct. 27.

THE White House said today that U.S. support for the UN and some foreign aid allocations could be affected by what is described as the "shocking spectacle" on the UN General Assembly floor following defeat of the Administration's two-China policy.

Press Secretary, Ronald L. Ziegler, reading from notes in response to a question, said television news broadcasts made clear that some delegates displayed "personal animosity" toward the U.S. policy following the series of votes that resulted in admission of China and expulsion of Taiwan.

Speaking of President Nixon, Ziegler said: "He was shocked by this action. He interpreted it as being undisciplined and personal animosity on the part of certain delegates toward the U.S. policy."

Ziegler said the reaction of the delegates was unworthy of the United Nations and could seriously impair the support in the Congress and the country for the United Nations.

While saying "It is not our intention to retaliate," Ziegler said some of the delegates whose actions were offensive to Mr. Nixon represent nations which have been large recipients of American foreign aid.

Investment abroad rises £7,100m.

WASHINGTON, Oct. 27.

THE value of U.S. direct investments abroad in 1970 rose, a record \$7,100m. to \$78,100m. It exceeded the \$5,800m. increase in 1969, the Commerce Department reported.

The investment in developed countries accounted for about 75 per cent, or \$5,900m. of last year's increase. Investment in Canada rose \$1,700m. and Europe \$2,300m. In 1969, direct investment in developed countries rose about \$4,200m.

Investment in less-developed countries in 1970 rose 1,400m. (\$300m. more than the previous year). Unallocated direct investments, primarily those of international shipping companies, rose about \$475m. in 1970, compared with a \$300m. increase in 1969. Earnings on direct investments abroad last year totalled \$3,900m. up from \$3,000m. in 1969.

AP-DI

U.S. CARIBBEAN TERRITORIES

Reviewing ties with Uncle Sam

BY HENRY HOWARD, ST. THOMAS CORRESPONDENT

ON AUGUST 13, the United Nations Special Committee on Colonialism asked the U.S. Government to take immediate measures to transfer its powers in the people of the Virgin Islands. The Fourth Committee also renewed its request to send a visiting mission to the islands to study political, educational and economic problems.

These requests have been made before, on account both of the Virgin Islands and of Puerto Rico. They have always been rejected. Washington has come a long way on colonialism since President Roosevelt made the word naughty.

The future of Puerto Rico and the Virgin Islands is important, not only for the stability of the eastern Caribbean, but also for the security of the area, for U.S. Latin American relations and for America's own race problems. A satisfactory constitutional solution for both is, therefore, a matter of concern to Washington as well as to the islands. Of the two problems the more intractable is that of Puerto Rico.

Spain ceded Puerto Rico to the United States in 1898. Puerto Ricans became U.S. citizens in 1917, but the island remained an American possession until 1952 when Congress allowed it to write its own constitution. The result was the present Commonwealth of Puerto Rico, whose constitution is better expressed by its Spanish title, El Estado Libre Asociado de Puerto Rico. It is, in fact, a state in free association with the U.S.

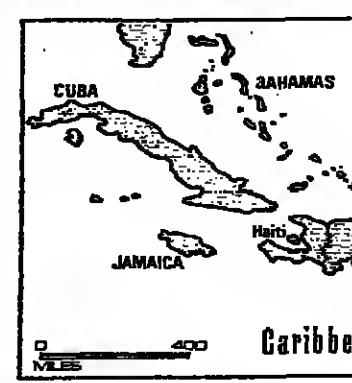
Poverty

Commonwealth status was the brain child of Puerto Rico's great Governor Don Luis Muñoz Marín. Because of it, Puerto Ricans salvaged their Latin pride and speech. They were unable to salvage their culture and their customs from the onslaughts made by the march of efficient American industry. To the latter, however, as well as to the vision of Governor Muñoz, they owe their present economic position.

There is poverty and unemployment in Puerto Rico, but from having been one of the poorest areas in the Caribbean, Puerto Rico now enjoys one of the highest per capita incomes in

the West Indies and Latin America.

In the middle 1950s, Commonwealth status seemed to be the answer for Puerto Rico. Under it she enjoys quasi-independence, whilst Puerto Ricans migrate freely to the U.S. where they are entitled to full citizenship. Puerto Rico, containing a population of 2.7m. in a land area of 3,455 square miles. In addition, there are 1.5m. Puerto Ricans living in the United States. The islanders living at home pay no federal taxes and the Government is the recipient of an assortment of



grants, kickbacks and economic aid from Washington that many States of the Union must envy. Puerto Ricans, in short, seemed to be making the best of all worlds.

However, in 1967 increasing clamour for a revision of the constitution by those who wanted Statehood and those few who wanted independence, led to the holding of a referendum. The final vote was: Commonwealth 428,081; Statehood 273,815; Independence 4,205. The matter might have rested but for politics.

In 1968, a split in the Popular Democratic Party (PDP) which under Muñoz Marín, had ruled Puerto Rico for so many years, led to the election of Don Luis Ferré as Governor. Although not in complete control of the Legislature, the Governor, a long-time advocate of Statehood, threw all his own not inconsiderable resources and those of his pro-Statehood New Progressive Party (NPP) into renewing the constitutional battle. He did the small but vocal Pro-Independence Party (PIP).

Soon, therefore, the three alternatives posed by the 1967 referendum will again have to be put to the electorate. Voting is likely to be on party lines as if

was in 1967, though the outcome of the Commonwealth Statehood issue may be harder to predict. From Washington's point of view, not every prospect pleases. Whatever Uncle Sam does, the Fourth Committee, Cuba and the Independistas will cry colonialism. Under the banner of independence, a strange and polyglot army has been gathered. Castroists, Maoists and Young Lords. The advocates of violence represent a small minority in the independence movement, but they help to provide student riots and bomb explosions in

the Virgin Islands cover an area of 133 square miles. The population of about 70,000 is mainly Negro, although a recent census showed that over 90 per cent of the population in St. Croix is now of Puerto Rican origin. The economy of the islands is not viable and never likely to be. Financially, they are dependent on a considerable tourist industry.

The Virgin Islands also have three choices before them. First, they can remain a territory of the U.S. but obtain greater political fringe benefits, such as the right to vote for the President and a greater say in their own affairs. Second, they can opt for Statehood, provided that Congress is prepared to accept minorities. After all, even Rhode Island has a population of nearly a million. Only in terms of the Governor's salary can the Virgin Islands make a serious claim to statehood. Governor Melvin H. Evans gets a bigger salary than over half of the State Governors in the Union.

Future. Lastly, they could ask for independence. In the Virgin Islands, unlike Puerto Rico, there is no sharp division of views on the constitutional issue. Some Republicans and some of the wealthier white residents might go for Statehood on the grounds that this would put Uncle Sam more firmly in the saddle. Most citizens, however, shiver at the thought of the increase in taxation that would follow Statehood and at the loss in Federal fringe benefits now enjoyed only because of Territorial status. No public voice has yet been raised in favour of independence.

For Washington, the problem of the constitutional future of the Virgin Islands is more one of form than of substance. Puerto Rican Independistas, supported by Cuban delegates, keep on popping up in UN. The Virgin Islanders are far too sensible to try that game. But they will, in due course, want a new and more advanced constitution that pays up service to a voluntary association with Uncle Sam while still allowing them to enjoy the enormous fiscal benefits that derive from being a Territory of the United States.

Japan's envoy warns U.S. of recession danger

BY GUY DE JONQUIERES

WASHINGTON, Oct. 27.

THE United States was warned today by President Nixon's new foreign economic measures will become counter-productive and could ultimately bring on a world recession unless rapid steps are taken to establish a favourable climate for serious international negotiations.

In a speech in Boston, the Japanese Ambassador to Washington, Mr. Nobuhiko Uehara, said that the U.S. was in danger of carrying "crisis diplomacy" too far. "It will not help America's position in world trade if you persist in policies which have a depressing effect on the economic expansion of your trading partners and which slow the growth of international trade."

Mr. Uehara said that it was widely recognised by Japan and the rest of the world that the U.S. has to make significant adjustments to its trade and payments balances. He concluded that by introducing his dramatic economic measures on August 15, President Nixon had

brought about some salutary results.

"The Nixon shock has worked. Currency realignments will now certainly take place. Trade policies and related domestic fiscal and monetary policies are under review in all the major trading nations. The framework and machinery of international economic relations are being scrutinised, in a search for mutually satisfactory solutions to the present world economic crisis," he said.

"There is something to be said, in other words, for a bold and abrupt measure which brings smoldering problems to the head. There are also real dangers in crisis diplomacy. Now that the shock has had its desired effects, it is essential that we turn to creative diplomacy."

Mr. Uehara said it was particularly important to restore confidence. As long as uncertainty persisted about future trade and monetary relationships business

would hesitate over new investment, production planning and marketing.

The present crisis situation was doubly ironic, he said. In the first place, the real objectives of the August 15 emergency measures would be defeated if they depressed world trade. A prolonging of Japan's recession would not increase its capacity for American exports, but diminish it, thus creating pressures for an expansion of Japan's own exports.

The second irony was that Japan was already in the process of liberalising trade and investment restrictions at the very moment that the U.S. took its emergency measures. "We Japanese feel that the Americans have perhaps acted too soon, too impatiently, without giving our efforts a chance to work. The irony is that we have suddenly reached a policy confrontation, while both sides have been striving towards the same purpose."

Schweitzer views money crisis

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Oct. 27.

THE WORLD monetary crisis is already having an adverse effect on the economic prospects of the developing countries, the managing director of the IMF, M. Pierre-Paul Schweitzer, warned today in a speech to the economic and social council of the UN.

He said that the recent decline in commodity prices and in particular the marked weakness in metals since President Nixon's August 15 measures could be traced in part to the disturbances in the currency market.

Another disquieting feature of the crisis was the stalemate it had brought to the negotiations on currency development. The U.S. has recently given notice that it can no longer take part in the discussions on this subject which are underway in the OECD's Development Aid Committee in Paris.

M. Schweitzer mentioned the set-back caused by the world aid effort in general by the 10 per cent cut in American aid announced at the same time as the other economic reforms and the continuing uncertainty of the replenishment of the IDA. But he added that quite as serious as this might be the unsettling effect the currency upheavals could have on the efforts of the developing countries to diversify their exports.

In the case of manufactured products, M. Schweitzer said, exporters in many developing countries were working in new markets with thin profit margins and any unexpected change in prices, exchange rates or trade barriers might discourage exports altogether. It was particularly unfortunate that just such hazards should now be facing the infant industries of these

countries at a time when they were already faced with growing burden of external debt and the need to provide unemployment for their rising populations.

M. Schweitzer said that there was general agreement on the need for an early return to fixed, though more flexible, parities and for measures to prevent competitive devaluations in the future. On a longer-term view, there was growing support for a new monetary system in which the world's liquidity needs would be handled on a collective basis through the special Drawing Right mechanism.

In this connection the Fund was continuing to study all aspects of the system, including the role of reserve currencies, including the role of gold and the reserve currencies and the need for a system of currency convertibility.

Decline in Brazil banks' role

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

RIO DE JANEIRO, Oct. 27.

THE EXTREMELY rapid growth of the stock market and other non-banking institutions as source of capital for the private sector and the consequent sharp decline in the role of commercial banks in Brazil was underlined today by Sr. Ernesto Galves, chairman of the Central Bank, in an address to the higher war college. In 1951 commercial banks provided 62.9 per cent of credits for business but the share to-day has fallen to 35.4 per cent. The Banco do Brasil's share had fallen from 55.8 per cent to 20.3 per cent and that of the Caixa Economica from 9.2 to 6.3 per cent, Sr. Galves said.

On the other hand, non-banking financial institutions such as the investment banks had increased their share of lending from 2 per cent in 1950 to 34.7 per cent to-day. Sr. Galves added that these financial insti-

tutions were generally formed round commercial banks and were becoming financial conglomerates. There were signs, he added, that after a period of great expenditure the banks were beginning to reduce their costs. The effective rate of interest had fallen from 26 per cent per annum in 1963-67 to 22 per cent at the end of last year. The Government, he added, had no intention of fixing lending rates by decree but it did intend to do its best to reduce them.

Coincidentally, the report of Sr. Galves' speech in the Jornal do Brasil lies alongside an advertisement for one mutual fund which reports a 1,086 per cent rise in its price in 33 months and an increase in its assets from 367,000 cruzeiros (about £27,000) in October 1968 to 476m. in July this year.

This week's news magazine Veja reports that there are now 1.2m. Brazilians with shares in about 220 investment funds, whose total assets reach 4,700m. cruzeiros.

Shares traded by these funds make up 3 per cent of the trading on the stock exchange. Veja's computation of the maximum and the average returns on capital investment in the investment funds reflects the recent fall in market price after the long boom.

The best investment fund results between June 1970 and September 3, 1971, give a return of 390 per cent and the average for that period was 182 per cent. The comparative figures for the period of June 3 and September 3 this year show a maximum gain of 0.9 per cent and an average loss of 13.2 per cent.

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Export News

New body to push sales of carpets

By John Trafford

A single national export association to promote the expansion of carpet sales abroad, the British Carpets Export Association, is to come into being at the beginning of next year. It is being set up jointly by the Federation of British Carpet Manufacturers (who represent the woven carpet makers) and the Tufted Carpet Manufacturers' Association.

The new association will work through an export promotion council on which both trade associations will be represented. It will aid overseas sales, now worth £30m. a year, through market research and promotion schemes.

The two trade associations have also agreed to establish a national classification scheme for all types of pile carpet. Existing schemes cover woven and non-woven carpets, but hitherto tufted carpet has been excluded.

IN BRIEF

Hawker Siddeley Electric Export has received orders for switchgear worth almost £1m, including two contracts from Hong Kong with a total value of over £500,000 and other orders from Zambia, Fiji, Malta and South Africa.

Short Brothers and Harland, of Belfast, is sending one of its Skyliner light transport aircraft on an extensive sales and demonstration tour of the Middle and Far East.

The aircraft will visit the Japanese International Air Show at Nagoya from October 28 to November 3, and will then undertake a seven-week demonstration tour in Japan, Malaysia, Burma, Nepal, India, Iran, the Lebanon and Greece.

The Skyliner has been designed specifically for short-haul, inter-urban passenger work, and has a standard of quietness that meets all noise-level requirements, existing or envisaged, throughout the world.

The West Instrument Division of Gulton Europe has secured a £16,000 order from Saudi Arabia for the instrumentation of three plastic pipe extrusion lines. Saudi Plastic Products Co. (SAPPCO) of Riyadh is installing three Anger Multizone extruders for the production of PVC soil pipe under an agreement in which the 'know how' of Chemidus Plastics will be used. West Instrument will supply fully instrumented control cabinets built in modular form to give complete control of the three extrusion lines.

An order worth £23,500 has been won by F. J. Baynes and Co., of Highbury, London and Aylesbury for the installation of the total air conditioning and ventilating plant at the £500,000 Assembly Hall of the Royal University of Malta.

China hints at Scottish "special relationship"

BY CHARLES SMITH, FAR EAST CORRESPONDENT

THE SCOTTISH COUNCIL, which exists to promote economic development and industrial investment in Scotland, has been invited to send a trade mission to China, its chairman Lord Clydesmuir announced yesterday.

The mission will be the first from any British chamber of commerce or regional organisation to visit China since before the Cultural Revolution. It will leave on November 9 and will visit Canton and Peking, arriving in time for the final week of China's twice-yearly Canton Trade Fair.

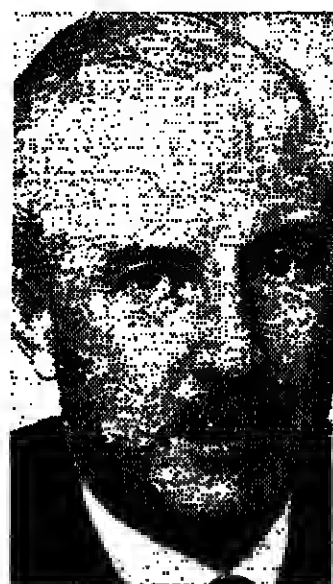
The invitation to the Scottish Council was delivered last Friday when the Head of the Council's Industrial Unit, Mr. Donald Reid, was invited to go to the Chinese Chargé d'affaires' office in Portland Place for talks. The mission is to consist of 10 to 15 representatives of companies based wholly or partly in Scotland with the proviso that no non-British capital should be involved.

Shopping list

China has already given the mission a shopping list which is likely to arouse strong interest among many major companies based outside Scotland. It says it is interested in ships, machine tools, chemical processing equipment, mining machinery, containerisation equipment, port handling equipment, electronic equipment for air-traffic control systems and avionics.

Many of these items have already been mentioned by analysts of China's import requirements market as promising possibilities for British business. This is the first time, however, that the Chinese themselves have been so explicit.

China's motive for picking out the Scottish Council from the mass of other organisations interested in sending trade missions to Peking appear to be political as well as economic. The Chinese Chargé d'affaires, Mr. Pei Tsien-chang, visited Scotland late last year on a tour which included a number of factory visits.



Lord Clydesmuir—great things in prospect.

There have been regular contacts with the Scottish Council since then and it looks as if China was attracted by the idea of building up a "special relationship" with Scotland and Scottish business distinct from its normal trading relationship with the U.K.

Rotterdam assay complex

DANIEL C. GRIFFITH, the Bank of England assayer, is opening the first stage of a new laboratory sampling complex at Rotterdam, the world's largest mineral port.

The century-old City of London company will be offering a streamlined service carrying out assay work on nickel, cobalt, chrome, and molybdenum at three times the normal speed.

Mr. Alastair Griffith chairman, said that the move offered great potential. "Rotterdam's Euro-port is a massive clearing house for all bulk materials and forms the hub of mineral activities in Europe, although more than half the raw materials is delivered to the Ruhr.

Its normal trading relationship with the U.K.

The Chinese are apparently anxious that as many as possible of the companies on the mission should be predominantly Scottish, rather than major British concerns which happen to have operations in Scotland. A company which could well be included, however, is Ferranti whose Scottish division is headed by Sir John Toothill, a Director of the Scottish Council.

The Scottish mission will be spending roughly two weeks in China which will probably not be long enough for detailed negotiations on any major export contracts.

China took six months to reach agreement with Hawker Siddeley on the Trident aircraft contract which was announced last August and would normally want to spend months rather than weeks negotiating for any of the items on its new shopping list.

The Scottish mission, however, detailed discussions which could eventually lead to major contracts. Lord Clydesmuir, who is expected to lead the mission, said yesterday that he hoped for "great things" from the Chinese invitation.

Sophisticated products

Yet, and as contradictory as this may seem, there are also some opportunities for the consumer goods manufacturer, but these will have to be investigated and taken in accordance with a special procedure.

How is the manufacturer to proceed? The first priority is to examine the market and establish that, in fact, the product is of interest.

Many people who have had no experience of Romania, and consider it as one of the underdeveloped countries, may be surprised at the variety of industrial products being presently manufactured. Therefore, the product offered must be of a more sophisticated nature than those locally produced. In certain cases it must be one which is not produced at all.

This can be established through the Department of Trade and Industry, through the Romsian section of the London Chamber of Commerce, or the British section of the Bucharest Chamber of Commerce, through the Commercial Office of the British Embassy in Bucharest; by approaching specialised companies; and, above all, by personal visits.

One can learn infinitely more from a personal visit of a sales manager or sales director than from second-hand information no matter how well intended. Many people are worried about the cost, but it will be organised beforehand such a visit need not last more than 4-5 days, at a cost of less than £250—an amount which may prove totally insignificant compared with the results which could be achieved.

Having established that the product is of actual interest, one must find out which purchasing organisation to contact. Once this has been done, it is best to approach the organisation sending them several sets of literature, with plans, drawings, illustrating the products, and requesting them to forward them to potential end-users.

DEALING WITH EASTERN EUROPE—ROMANIA

The basic rules to tackle the market

It is normal practice for any modern management to carry out a thorough market survey before attempting to start operations in a new area. If this applies to any Western country it is even more important in respect of Romania or any other Eastern European country.

Although Romania has recently embarked upon a policy of decentralising the organisation of its foreign trade, basically its economy is still centrally controlled.

By this it is meant that the country's import priorities are determined by the Five-Year Plan, which is the foundation of the country's economic development.

In the current Five-Year Plan priorities are centred on development of industry and on industrialisation of agriculture. Consumer goods are still considered of lesser importance and luxury goods are a very poor last.

Failure to appreciate this is bound to lead to a considerable waste of time and effort, usually resulting in disappointment and in final disenchantment with a market which, if known properly, handled is one of the most promising in Europe. So, if the time has not yet come for manufacturers of consumer and luxury goods to make an effort in this market, there are ample opportunities for manufacturers of machines, machine-tools, complete plant, and a whole range of agricultural machinery.

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In his second article Mr. Gabriel Filderman gives a blow by blow account of how to get into the Romanian market. It would be fatal, he says, to treat the country as under-developed. A sophisticated marketing approach, coupled with patience and a willingness to lose the first few rounds gracefully, are essential for long-term success.

It is important to mention that although English is making rapid progress not all engineers and other specialists speak it currently. For this reason it is of enormous advantage that in addition to English, the literature should be in French and German.

One must not lose sight of the fact that one intends to present one's product in the best possible light and to generate interest and good will. Much of this will be lost if the man reading the material does not speak English; he will either have to have it translated locally and lose interest by the time he has received the translations, or simply set it aside and read the French or German version of a competitor.

Ideally all literature ought to be in Romanian, but if this is attempted it is vitally important that the translation should be of the highest possible standard and double-checked by a specialist. Surprisingly much adverse publicity can be generated for an otherwise excellent product by slipshod translations.

When sending literature at the first approach it is always wise to ask the Romanian buying organisation concerned to forward any inquiries which they may have for items in the range of those illustrated by you.

At this stage it is also important to point out that an approach made by a manufacturer, on his own initiative, while being a very important step in entering the market is a long-term approach. As mentioned before, purchasing is done on the basis of the Five-Year Plan which decides on priorities and hence also on foreign currency allocations.

It follows, therefore, that an inquiry emanating from a purchasing organisation is backed by a requirement provided for in the Plan, and that foreign currency is available; conversely an approach based on a manufacturer's own initiative, though perhaps of interest both to the potential final user and to the purchasing organisation may not have immediate chances of success for lack of currency availability. In such cases one may have to wait until the following year, when it may be entered in the plan, or until a special allocation of currency is granted or until another alternative is found.

When the inquiry has been received the following course of action may be followed: Conform as closely as possible to the specification indicated. Whenever one cannot comply exactly or whenever the company believes it has better proposals, offer as many alternatives as possible.

In drawing up the quotation, divide it into two parts; the technical part; the financial part. In the technical part the company should describe the machine, installation or plant in

offer the buyers should suppliers to send one or more technical representatives to discuss and clarify technical aspects of the offer. It is most important that these should be readily available, highly qualified in their subject and, where possible, at least bilingual. Interpreters are available in these may always be qualified engineers and misjudgements may occur.

Decisions on the spot

Once an offer has been approved from the technical point of view, there start discussions on the commercial financial side. These discussions may be difficult and are often protracted. For this reason it is most important that the company's representatives should be highly qualified, preferably director level, and authorised to take decisions on the spot. At this stage that diplomatic patience, and elasticity of approach are essential.

Bearing in mind that there are several competitors for the same contract, it is natural that some should be willing to offer improved conditions during negotiations, and unless one is prepared to match or improve on them there is little purpose in ever submitting a quotation. The order will be placed most cases with the company offering the best plant, at the lowest price, in the best financial conditions (long-term credit, interest rates).

As is natural in all competitions, there must be some loss if one happens to be in an unfortunate position it is important not to be disappointed and resentful. It has often been said that: "British are the best losers: it is the time to confirm a dictum. It is important to continue submitting quotations, perseverance in putting forward offers is, perhaps surprising, appreciated as showing interest in the market eventually, rewarded.

Cadbury Schweppes in West Germany

Cadbury Schweppes Overseas and August Storck GMBH of Halle, West Germany, have agreed to extend their three-year-old mutual marketing agreement for at least 10 years and to plan a concerted operation to build the Cadbury franchise in Germany.

This was announced at the end of negotiations in London between principals of the two companies, Mr. Basil Collins, chairman of Cadbury Schweppes Overseas Group, and Herr Klaus Oberwiesland, Chairman of August Storck.

Under the new arrangements Storck, number two in German confectionery, will market Cadbury's chocolate and confectionery throughout West Germany.

The German company, particularly strong in sugar confectionery, is well placed to give Cadbury lines powerful support in distribution, sales and marketing.

Lines developed by Storck in Germany will be available in



Mr. Basil Collins—planning for a decade.

Cadbury in Britain. Already Storck's Merck line is being marketed in the U.K. under the name Giv'e and Take, and Cadbury Count lines are due for early launch by Storck in Germany.

£4m. components deal for Ford in Turkey

FORD of Britain has negotiated with Otosan of Istanbul an order worth £4m.—for commercial vehicles and car components to be delivered during 1972.

The order includes kits for more than 2,500 short wheelbase Transit buses which are to be shipped in the coming year for assembly at the Otosan plant. This contract covers 1,000 Transits exported to Turkey already last year and 1,700 this year. The Transit holds more than 60 per cent. of the Turkish light commercial vehicle market. Heavy commercial vehicles also feature in the deal with a scheduled shipment of 2,200 12-ton D series trucks in the coming year. This is double the 1971 volume and is expected to raise Ford sales in the heavy commercial sector to 28 per cent. of the market.

The rest of the contract consists of 5,500 engines, transmissions and rear axles for the Anadol, a Reliant design, which is assembled in Turkey with

British Ford mechanical components and accounts for one half the Turkish car market.

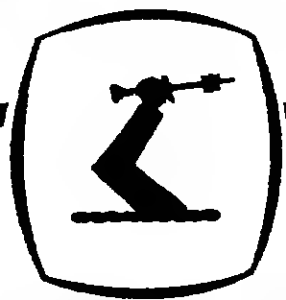
BICC lands £3m. job in Qatar

The Power Transmission Division of Balfour Beatty and Co. (a member of the BICC group) has been awarded a contract worth more than £750,000 by the Government of Qatar Ministry of Electricity and Water.

The contract is for the design, supply and installation of 66kV, 11kV and MV lines for the extensions to existing 66kV/11kV systems.

Painter Bros., also a Balfour Beatty division, supplying the steelwork and the Wire Mill Division of BICC, the conductors. Work is due to begin in November, with completion late in 1972.

Tomorrow is PYE-DAY



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Common Market Debate

Benn warns against marching Britain in

WITH compelling speeches from Mr. Anthony Barber, the Chancellor, and Mr. Anthony Wedgwood Benn, the Common Market debate moved with gathering force in the Commons yesterday towards a night's climactic vote.

No-one could have mistaken these Tonsys for twins—but each in his own style left a permanent political impression on a debate that has often been lack.

Mr. Benn was the populist: manning the barricades against this "temporary coalition" of Government and Labour MPs, claiming the divine right of kings

rather than that of the polls to decide the people's future.

"You cannot march the country into the Common Market," he warned Mr. Heath. Particularly not when the road would lead through nuclear partnership to federalism.

Mr. Benn admitted to many doubts—an admission that seemed to win sympathy in many outwardly certain corners—but he was sure of one thing at least.

Mr. Heath's signature on the Treaty of Rome would not end the debate. "It will not commit the Opposition which

entirely reserves its rights," he said. "It will not commit the people because they will have had no part in it."

"It will precipitate a major crisis and unleash the highest constitutional and political struggle we have seen in this country for many years."

Before Mr. Benn's populism—which at times spun the Commons into the dizziness one would expect from the promoter of the gas centrifuge—came Mr. Barber's political economy.

Short on the economy but long and scathing in its politics.

The economic effects of entry were a matter of judgment, he said, not of proof. "My own judgment is that membership will strengthen our economy in two important ways. It will promote and assist industrial change in a way which will lead to a better and fuller use of our national resources and manpower. And it will give us a more effective voice in deciding questions of economic development in the world."

This was genuinely the parting of the ways, said Mr. Barber. The end of one era and the opening of another.

At such a point "this

country's destiny is not to be weighed in the scales of party advantage," he said.

Throughout Europe, political leaders were now weighing and wondering over the imbalance between Mr. Wilson's past words and present actions; over the tragic fall below the level of statesmanship.

Mr. Barber tested the scales himself with some selective quotations: the Tories cheered; and the Opposition Leader looked more uncomfortable than he has for years.

Philip Rawstorne

LORDS

'Regions, farms, fisheries will sway MPs' votes'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

OPPOSITION front bench peer, Lord Hughes, last night told the Lords of anxieties over the Common Market which he believed would sway the votes of some MPs when Parliament divides on the issue at 10 pm to-night.

The main issue—which he felt would prevent most Scottish MPs from supporting entry—was the one concerning regional policy. Other doubts were over the terms for agriculture and fisheries.

For his own part, Lord Hughes said that although theoretically in favour of entry, he had decided only a few days ago that on practical grounds he could not support the entry application.

Earlier, Paymaster General Viscount Eccles admitted that joining the Common Market was "an undecidable risk."

He added: "To stay out would be to settle for a much duller life with fewer opportunities for the young and a dwindling prospect of a safe and comfortable old age for the rest of us."

Marketers a more convincing explanation of how Britain would fare if we stayed outside the EEC.

He said: "We have had no description capable of inspiring the most reactionary schoolboy of how, not just during the present period, but over the coming generations, Britain on her own could either be more prosperous or more industrial."

None had explained, said Lord Eccles, how we could hope for more influence in world affairs, where we could look for alternative and equally attractive markets for our goods or suggested that the opportunities for us as great as for our invisible exports.

He said three new factors bore directly on the decision to be taken: the devaluation of the dollar, the rise in the number of unemployed in this country and the growing recognition of the need to embark on policies for improving the environment on a scale which would be severely limited if we acted on our own.

He said: "Britain is neither big enough nor small enough to be able to ignore the issues of the world. Therefore we have to join with those countries with whom co-operation will give us the best possible prospect of growth and stability."

If we stayed out we should go along crippled by the vulnerability of our raw materials and the stresses and strains imposed on us by great powers and the EEC. But if we go in, we shall have considerable influence.

"We should constantly be warned not to invest too much in common economic policies for fear of damaging the balance of payments."

"Our problem—and it is the same problem in every country of the Six—is to reconcile the creative qualities, ambitions and dreams of each individual with a fresh enthusiasm for co-operation with others on behalf of society as a whole."

"We are coming to a turning point in politics and the immediate future will be uncertain and difficult. I would much

rather work through this period of radical changes with strong partners than alone."

Lord Avebury (L.) said there were risks in joining, but he added: "One has to come to the conclusion that entry is going to benefit both this country and Europe as a whole."

He claimed entry would generate increased wealth for both the U.K. and the enlarged Community.

The Bishop of Blackburn, Dr. Charles Claxton, thought that far too little of Britain's gross national product was made available to the under-developed countries.

He said: "The question to be asked is whether, through entry, we can secure a larger and fairer distribution of wealth to those countries."

I am told that outside the European Community Britain will be of diminishing importance in this respect, but within it we can be a most persuasive advocate."

Lord Astor of Hereford in his maiden speech said there were many politically motivated forces which, while preaching peaceful co-existence, were doing everything possible to bring about the annihilation of our Western capitalist society.

Lord Astor: "We see the basic elements of revolution and subversion emerging. The aim is that the existing established orders should destroy themselves by demoralisation or civil war. It is the opinion of the Six that more people are growing to favour it."

"My own conviction is that there are no alternatives for Britain's security and sovereignty if we do not join the Six."

"It is in my firm belief that Britain's great step into Europe will mean a stronger Britain, a stronger Europe, a more satisfied Commonwealth and a more peaceful world."

COMMONS

Matter of judgment in the end—Barber

THE Chancellor of the Exchequer, Mr. Anthony Barber, said in the Commons that Britain was not seeking a refuge from a bleak and hostile world by joining the Common Market. "We are not acceding to the Treaty in a spirit of safety first."

Earlier, Mr. Barber had said that the decision on Common Market entry was probably the greatest peace-time issue to be decided in this country in this generation.

"There is nothing small, trivial or ephemeral about the matters on which we have to reach a conclusion. This is genuinely the parting of the ways; it is the time that marks the end of one era and the beginning of another," said Mr. Barber.

Final analysis

He said the cost and benefits could not be translated into a common measure involving political, economic and social values.

"In the last analysis—and it is the last analysis which we are trying to make in this debate—when all the argument, statistics, historical analogies and economic forecasts are exhausted, it must, at the end of the day be a matter of judgment."

Mr. Barber said it was not the view of the Commonwealth that Britain would be deserting them. He recognised that the process of disengagement from an imperial power was a difficult transition for older people in particular to accept and it had left them with a sense of loss.

"It has deprived the younger generation of, at any rate, that sense of immediate purpose which has drawn out the best of our talents in the past."

But Britain could now look forward to co-operation and have the opportunity of a new purpose in working towards a new goal more worthwhile than a programme based on purely national lines.

The Chancellor said partnership was an equal enterprise bringing the chance to learn and to lead. There was nothing chauvinistic about Britain's role in Europe.

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Give leadership

He said we would bring to Europe an infusion of strength of ideas and experience and would help to provide that leadership which the enlarged Community could give to the world.

He told the "nay and out opposition" of entry on the Opposition front bench: "This country's destiny is not to be weighed in the scales of party advantage. It is an issue of international dimensions, not party dimensions."

"Our membership will result in a lowering of tariff barriers against American goods in our market. We in the U.K. know it is essential in the interests of ourselves to safeguard and enlarge the freedom of trade and with our fellow

members that will be a prime aim of our policy."

Mr. Barber said that not many objective observers would say we were better placed to join in 1967 than we were to-day.

He referred to a remark made on Tuesday in the debate by Mr. William Ross, "Shadow" Scottish Secretary, which he found depressing. "He said: 'We are told we shall have the benefit of competition which means that companies all over the country will go to the wall.' What an appalling reflection on Scottish industry," said Mr. Barber.

Mr. Ross interjected said: "The position of many companies, small and large, in Scotland, as a result of what has been done is going to be desperate."

Mr. Barber: "That is not the view of Scottish industry."

Mr. Barber continued: "One after another, the Ministers of the Six have asked me 'Why is the Government so keen on this?'"

"They cannot understand how a man who has held the office of Prime Minister can fall so tragically below the level of statesmanship on an issue as great as this."

This remark caused cheers from Conservative backbenchers.

Mr. Barber said Labour MPs had tried to pretend that the Labour Government would have renegotiated the Community's agricultural policy.

But there had been no hint of any reservation on this in the Labour Government statement of July 4, 1967. "They knew and accepted that such an approach would have been doomed from the start."

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Figures inexact

"Mr. Wilson was unequivocal on this," said Mr. Barber. At this point, Mr. Wilson intervened to say that the report of what was said at the time in the House of Commons was inexact.

There was laughter from Conservative MPs when Mr. Eric Heffer (Lab. Walton) intervened and began to quote from a speech by Lord George-Brown (then Mr. George Brown) at the Labour Party conference in 1969.

Lord George-Brown, who was listening intently in the debate in the Peers gallery, grinned broadly.

Mr. Heffer said Lord George-Brown had stated that, in putting in Britain's application to join, he specifically reserved Britain's position on the CAP and other issues.

Mr. Barber: "Everyone knows that Lord George-Brown was talking about what were the transition arrangements."

Dealing with the allegations that the Government had failed to provide more statistics and facts, Mr. Barber asked: "What possible advantage can there be in depriving spurious qualifications of one kind or another with all the meretricious appeal

of exact figures when, in all honesty, we know that in some instances the magnitude simply cannot be predicted?"

It had been alleged from the Labour benches that the Government had refused to indicate the range of future British contributions to the Community budget between 1977 and 1980.

But the Labour Government's own White Paper, dealing with the effect on total balance of payments in connection with membership, had given a range of figures between £100m. and £1,100m. "Such figures are utterly useless," said the Chancellor.

He said the Labour Government itself had recognised that it was impossible at this stage to make useful forecasts of the size of the Community budget end of the scale of our levies and duties in ten years' time.

The Labour Party had more recently published, with the authority of its National Executive, a document purporting to quote the TUC as saying the increased outflow of investment capital should be far greater than what they called "the official estimate of £100m."

"But what is the official estimate? It is a segment of their own imagination for there is no such official estimate."

Mr. Barber said he doubted if anyone in the House disagreed that we must be prepared to accept the freedom of capital movement provided for under the Rome Treaty and under subsequent directives. He commented that Mr. Wilson had said the same thing.

Mr. Wilson intervened to say Labour's view had been that they would not agree to this freedom of movement until they could be sure there would no further movements "across the Atlantic."

Mr. Barber disputed that any such qualification had been mentioned.

Our contributions to the Com-

munity budget would be built up gradually over the transitional period. And by the end of this period our visible trade—exports and imports—at 1970 prices was likely to be "something around £24,000m."

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Our contributions to the Com-

The 1957 vote on the Treaty of Rome

How the Rome Treaty was ratified by the Six in 1957.

BELGIUM
For: 174—Socialists, Social Christians, Liberals.
Against: 4—all Communists.
Abstentions: 2—one Flemish, one Liberal.

FRANCE
For: 342—all the Socialists, all MRP, most Paysans Independants, most UDSR-RDA (Mitterrandists), half the Radicals, most of the Left Radicals (RGR).

GERMANY
Against: 229—all Communists and Progressives, all Pouljards, almost all Social Republicans (Gaullists), half the Radicals.

NETHERLANDS
For: 114—Labour Party, most Catholics, most Liberals, most Protestants.

Portugal
No count was taken, but passed overwhelmingly, probably

with the FDP (Liberals) opposed.

ITALY
For: 311—Christian Democrats, Republicans, Social Democrats, Liberals, Monarchists, Radicals and MSI (neo-Fascists).

LUXEMBOURG
For: 48—Liberals, Socialists, Radicals and Communists.
Against: 3—Communists.

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Studies on Channel 'going well'

By Justin Long

FINAL studies on the Channel Tunnel project are "going well" and the Government hopes that negotiations covering the further stages of the scheme will have been successfully concluded by the first half of next year.

Within this period a report would be received from the joint private group authorised under the Anglo-French agreement to pursue these concluding studies, Mr. John Peyton, Transport Minister, told the Commons at question-time.

The Minister assured Tory backbenchers that the complementary road links vital to the scheme would not be overlooked. He also assured MPs that the environmental questions associated with the project—causing particular concern to people in Kent—would be "rigidly watched and controlled" if the go-ahead was given.

During further exchanges, Mr. Peyton warmly denied a Labour suggestion that he had abandoned completely social criteria in considering which unremunerative railway branch lines should be retained.

Unremunerative passenger services which no longer offered value for money had to be dispensed with, said the Minister. But this did not mean he omitted social values.

Where lines were closed very substantial aid was given for rural bus services. One of the difficulties was the reluctance of some local authorities to use this assistance.

Reflationary moves by Dublin

BY DOMINICK J. COYLE

AN immediate 10 per cent increase in Government spending, a reduction in the level of company taxation and the complete abolition of all hire purchase restrictions from midnight to-night were the key elements in a surprise reflationary package announced here by George Colley, the Minister for Finance.

Mr. Colley chose the opening day of the new Dail (Parliament) session to unfold his package aimed at providing "a moderate stimulus to economic activity and to encourage business confidence."

Inevitably there was immediate speculation that a General Election might be fairly imminent.

The timing of the measures is hardly insignificant, since the

Government was determined to divert at least temporarily the national debate away from the Northern Ireland crisis and to domestic economic affairs. Including the continuing high rate of unemployment and the exceptional level of redundancies—which have been running at more than twice the rate of last year.

The Government is now to increase its expenditure on the capital programme this year by roughly £20m., or more than 10 per cent. The Industrial Development Authority is to get an additional £5m. for grants to new industries, although Mr. Colley conceded that much of this extra money was already tentatively earmarked for new

DUBLIN, Oct. 27.
Agricultural gets an extra £5m. projects attracted from abroad.
A further £5m. is being spread among new tourist developments, housing, telephones, the school building programme, forest and the ESB, the State power undertaking. There is an extra £2m. for direct Government investment in private companies.
The measures on hire purchase are complete. All restrictions are lifted from midnight to-night on hire purchase restrictions on credit sales and hiring of cars, such as rented TV and cars, and hire of tools. Their removal, said the Minister, should give a fillip to business activity and help to safeguard employment in the home market.

Houghton stays: will vote for Six

MR. DOUGLAS HOUGHTON, said yesterday that he would not be resigning his office as chairman of the Parliamentary Labour Party over the Common Market issue.

But he told a Parliamentary Press gallery luncheon in the Commons that he would be voting in favour of the Government motion to-night, which recommends entry on the terms negotiated.

His statement brings to an end days of speculation that his firm pro-market views and determination to defy the three-line Opposition whip, would force him to stand down.

Mr. Houghton said: "I'm told that to vote for the motion is to keep a Tory Government in office. I must firmly repudiate this belief. How can it be when so many Tories are reported to be going in vote against it? If those Labour MPs who vote for the motion are in the accused of voting against it, I would in almost any other area sink my own views to vote with the majority of the Party, this situation is so exceptional and the division of opinion so strong, that I feel I must not only vote for

harm the country and the EEC even more.

Whichever lobby we go in, we shall find some strange bed-fellows. The Opposition lobby will look strange with Enoch Powell in it, not to mention a nice bunch of Right-wing Tories.

"For my part, I shall vote for the motion, not for the Government. Not for Mr. Heath and all his works. I hotly deny this. I vote for the principle of entry and I think the terms so far negotiated are good enough as a basis for doing so."

He was voting "to uphold one of the principal aims of the last Labour Government. I shall vote for what was Labour Party policy until a few weeks ago—entry in principle if the terms are right, I believe, Labour Party policy."

Angry he asked: "Are some of us to be branded as rebels, deviants or worse, in the best authoritarian manner simply because we can't abandon long and deeply-held convictions?"

He had decided that this vote did not call for his resignation and he would not do so. "I would in almost any other area sink my own views to vote with the majority of the Party, this situation is so exceptional and the division of opinion so strong, that I feel I must not only vote for

the motion, but stand by others who may do the same.

"I think it better that I should stay and do what I can during the next week to bring the Party together again. I want to make a bid for peace, to close the ranks and get back to a united onslaught on the Tory Government. I can't believe that all the comradeship built up over the past 18 months is going to be thrown away now."

Mr. Houghton said the Government must rely on its own supporters or go. "The Conservatives asked for office,

they got it on promises and policies which have discredited them ever since. So they can count us out."

Mr. Houghton said that some might think it illogical, wrong or even a nonsense to give the green light on the principle of entry and then throw boulters on the track.

This overlooked the working of our Parliamentary and political system, the essential condition of stability of Government which the party system alone provided, and "our hostility to so much of Government policy generally."

"The truth is that the Government hasn't the Parliamentary strength for all it wants to do. They can't expect any help from the Labour benches nor, I hope, will they get any. We must straightaway return to normal, and wage the party fight against this Government."

The real battle on all issues of Government policy would be fought next week and in the months to come.

"That is what I call on all who vote for the motion to do. Then we can begin the new season united and resolved on our opposition to a Government which in its general policies has forfeited the confidence of the country."

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مكتبة في لندن

Other Overseas News

Consortium hard line likely to Pakistan

By Adrian Dicks

PARIS, Oct. 27. The World Bank's Aid to India Consortium is likely to stick to its refusal of assistance to Pakistan during the current financial year.

This impression emerges from yesterday's meeting here of the Consortium's steering committee, which agreed that the 13 member industrialised nations should try to meet "a substantial part" of the total needed for the 7.5m. refugees who have now entered India from East Pakistan.

There had been suggestions that the Consortium, after unanimously recognising its members' responsibility towards the refugees, would turn its attention to the question of providing assistance to Pakistan. This has been the pattern of past meetings of the Aid to India Consortium here. For Pakistan the aid is coming to a head with the expiration on Sunday next of the six-month moratorium declared by General Yahya's Government on repayment of its interest due on past Consortium loans.

No Western country, according to well-placed sources here, is willing at the present time to do anything overt which may be interpreted as providing aid to Pakistan. The issue appears to have been discussed only in the broadest terms. This fairly tough position became known here today after yesterday's meeting of the Aid to India Consortium, under the chairmanship of Mr. Peter Cargill, of the World Bank, had accepted a figure of \$700m. as the cost to the Indian economy during the current financial year of caring for the refugees now in West Bengal.

The meeting's published communiqué, which the Indian Government is likely to regard as a considerable diplomatic success following its own special revenue-raising measures last week, said that members of the Consortium regarded the refugee problem as "an international responsibility."

Sato wins confidence vote on China policy

PARLIAMENT today rejected an opposition motion of no-confidence in Foreign Minister Takeo Fukuda's handling of Japanese policy towards China. The motion, presented to the 491-seat Lower House by three opposition parties, was defeated by 274 votes to 186.

The ruling Liberal Democratic Party has 301 seats in the Lower House, but some members earlier had threatened to boycott the voting because of their opposition to the Government's strong pro-Taiwan policies.

The no-confidence motion came a day after the UN seated China and expelled Taiwan. Japan co-sponsored a rejected resolution seeking to keep Taiwan's seat and opposition parties blamed Mr. Fukuda for what they described as a "major defeat for Japanese diplomacy."

In Parliament yesterday they had also demanded Prime Minister Eisaku Sato's resignation.

At an earlier Upper House session, Mr. Sato and Mr. Fukuda pledged to make positive efforts

to normalise relations with China, following its admission to the UN.

Mr. Sato said he was strongly hopeful that China would agree to negotiations with Japan on the basis of mutual respect and understanding.

Celebration

As things stood today, the Prime Minister said, the People's Republic of China ruled the Chinese mainland and Nationalist China ruled Taiwan. Both sides claimed there was only one China, but no foreign country had the right to interfere in a dispute that had to be settled by the involved parties.

However, it was a historic fact that Japan, by having concluded a peace treaty with the Nationalist Chinese (in 1952), had laid the foundations of present policy, Mr. Sato explained.

Meanwhile, China celebrated its election to membership of the United Nations, claiming the

TOKYO, Oct. 27. action was a major defeat for the United States.

Almost all speeches, broadcasts and newspaper articles from China took the opportunity to lash out at the United States and Japan.

Chi Peng-fei, acting Chinese Foreign Minister, set the tone when he said: "This is a victory of the people of the whole world and it is the complete bankruptcy of the policy long pursued by U.S. imperialism."

Reuter, UPI

Pretoria concerned at larger EEC

By Bridget Bloom, Africa Correspondent

BRITISH membership of the European Community will confront South Africa with serious export problems, Mr. S. L. Muller, the South African Minister of Economic Affairs, said in London last night. The effect was likely to be particularly marked on exports of processed and semi-processed commodities, but exports overall would be affected.

Mr. Muller, who was speaking to the South Africa Club on the eve of the Common Market vote, said that for generations South Africa had enjoyed the advantages of being a member of the Commonwealth preference area. Britain's entry into the EEC will, after a transition period of five years, put an end to this privileged position, the Minister said.

Not questioning

South Africa was not questioning Britain's right to join the EEC. "However, our approach is that due cognisance should be taken of the adverse effects which British accession to the EEC will have on the South African economy and that ways and means should be found by negotiation to minimise them as far as possible."

Mr. Muller is to discuss the Common Market question with members of the British Government on Friday, when he is due to meet the chief British negotiator, Mr. Geoffrey Rippon, and the Secretary of State for Trade and Industry, Mr. John Davies. He is then expected to go to Brussels, Paris and Bonn. It is understood that Dr. Delderichs, who saw the Chancellor of the Exchequer, Mr. Barber, on Tuesday, also raised the Common Market issue, although his main concern was to talk about the current monetary crisis.

Nigeria seeks control of Shell refinery

By Bridget Bloom, Africa Correspondent

THE Nigerian Government is negotiating with Shell and British Petroleum for a control of the Port Harcourt oil refinery. According to reports from Lagos, the negotiations are expected to end early next month.

However, a report in the Nigerian Daily Times to the effect that Nigeria had begun negotiations for Government participation with Shell-BP, the country's major exploration and production company, has not been confirmed. The newspaper, quoting "reliable sources," said that Nigeria would probably seek more than a 33.3 per cent. share in Shell-BP's operations. A Shell-BP spokesman in London has denied that negotiations are under way.

Shell and BP each have a separate minority shareholding in the refinery, in which the Nigerian Government at present has 50 per cent. The two companies combine, however, in exploration and production to form Shell-BP. It is possible that confusion between the two may have led to the Daily Times report.

On the other hand, the newspaper's report may prove to be premature, rather than incorrect. In the past year, Nigeria has negotiated participation in a

number of new off-shore concessions, and in two existing companies, Agip and Saffrap. No formal announcement of its intention to participate in the operations of the older established companies, such as Shell-BP, Gulf or Mobil has yet been made, but it would surprise no one if such an announcement were to be made, perhaps before the end of the year.

Nigeria is now a member of OPEC, the oil producers association and subscribed to the resolution passed at its recent meeting enjoining members both to begin negotiations on higher posted prices to offset the de facto devaluation of the dollar and to open talks on participation in production. Nigeria negotiations on the post price are expected next month.

LEBANON TO BUY ARMS FROM RUSSIA

By Our Own Correspondent

BEIRUT, Oct. 27. Lebanon has reached agreement with a visiting Soviet military delegation on the purchase of weapons from Moscow. Mr. Saeb Salam, the Prime Minister, said last night.

EAST OF SUEZ POWER RUNDOWN

End of an epoch in Asia

BY HARVEY STOCKWIN IN SINGAPORE

FOR BRITAIN, as an era in Europe begins, an epoch in Asia is ending. With a touch of irony HMS Eagle cruises in the South China Sea to cover the last stages of the rundown of predominant British power "East of Suez."

To-morrow there will be a farewell parade of Far East Command, whose sphere of interest once extended from Mauritius to the Kanchakra Peninsula and far out into the Pacific, beyond Fiji. On Sunday, 20 ships of the Far East Fleet will have a farewell review in the straits of Singapore. Some of the ships, including Eagle, will then proceed to the Persian Gulf to cover that withdrawal.

At midnight on October 31, Far East Command, set up for tri-service strategic co-ordination only in 1962, formally disbands. Along with the separate Tactical Force commands, Far East Fleet, Far East Land Forces, and Far East Air Force—set up in 1945 as Mountbatten retook Singapore from the Japanese.

Bases

More important, from the Kuala Lumpur viewpoint, also at midnight on October 31, the antedote British commitment to the defence of the area, embodied in the Anglo-Malaysia Defence Agreement, terminates. First asserted in 1967, when Malaysia became independent and repeated in 1963, when Malaysia was formed, AMDA's watertight guarantees were, in part, conceded in the belief that the Singapore bases would be the focus of British power in Asia for several decades to come. Singapore had, after all, gained power as that focus, when the British-Labour army was disbanded in 1947.

The bases were built up and extended, first to sustain the 100,000 British servicemen who fought the Malayan emergency, then to sustain the slightly lesser numbers that faced Indonesia during confrontation.

As for AMDA, so for many of the base facilities—the architecture was obviously geared without thoughts of imminent withdrawal.

The base facilities in Malaysia and Singapore have to-day an estimated book value of £200m. to £210m. Approximately £160m. to £170m. worth have been or are being handed back to Singapore. £20m. worth to Malaysia.

Decades have become years, and the temptation, both here and in Britain, is to see the rundown in the perspective of surprise that British predominance here has lasted 24 years since the end of the Indian Empire. In January, 1968, both Kuala Lumpur and Singapore saw the "accelerated withdrawal" as one of undue haste. While regrets remain, to-day's view is more to note the blessings of what has been, here, a gradual rather than an instant process of decolonisation.

Whatever the perspective, there can be no doubt that the rundown, which has accelerated over the last six months, has been a considerable feat of organisation. All along, several potentially conflicting imperatives had to be allowed for in the rundown plan.

Naturally, the British requirement was to make it as smooth and as cheap as possible. For Singapore, there was the need to delay the considerable economic effects as long as possible—hence the steep decline in the withdrawal graph over the last few months.

From the military and political standpoint, there was the requirement that Far East Command's ability to meet its operational responsibilities should be retained as long as possible. Additionally, it was obviously necessary that the forces' morale should be as little impaired as possible by the rundown. This last particularly involved the tricky question of the withdrawal of servicemen's families.

As a result of much reorganisation earlier this year, for example, some families have remained until the last, thus diminishing the impact of unemployment on Singapore. Fourteen thousand locally employed base workers were still employed at the beginning of this year. Roughly 6,000 were dismissed during the third quarter, and the final 6,000 lose their jobs in the next couple of months.

Even now the rundown proceeds at an even, albeit accelerated, rate. Daily flights of Air Support Command VC-10 transports are taking personnel back to Britain. These flights—roughly 7,000 personnel remain to be repatriated—and the concomitant use of Changi RAF base will continue into December. Just about the last facility to be handed over at the end of December will be the jungle training school across the causeway from Singapore in Southern Johore.

Air defence

But by November 1, all major units will have been withdrawn, except those remaining as part of five-power defence co-operation. As the command now phases out completely, the integrated air defence system, to which all five powers contribute, is ready to phase in. The integrated three-power ANZUK Task Force based in Singapore stands ready for use when and if consultations between Wellington, Canberra, Kuala Lumpur, Singapore and London deem it necessary.

While in the ceremonies of the next few days pipe bands may not be playing "Will Ye No 'Tis Back Again" (as they did during the independence celebrations in 1957) the question, as well as the feeling, remains poised in the air. The live-power defence arrangement, Mr. Heath's convictions, the Communist threat on the Malayan-Thailand border, are all such that it is still too soon to write an emphatic "Fini" to British power in the region.

Australian ground troops. The integration of the ANZUK brigade, not to mention the overall task force, is such that were to be to honour this pledge completely, it would, in effect, be forcing a complete withdrawal upon Britain and New Zealand. Mr. Whitlam has indicated that he would allow the RAAF Mirages to remain for air defence. Lee Kuan Yew, on the other hand, has indirectly hinted that it is the continued presence of the ground troops that makes five power defence a worthwhile insurance policy.

For the moment there is a rundown, not a complete withdrawal. Continued commitment has been achieved. The June, 1967, timetable has come in through the backdoor, as it were. At that time, the five countries reluctantly agreed to a phased British withdrawal by the mid-seventies. British devaluation upset this still preferred plan. Five power defence is not seen as likely to be indefinite. But the general view of it envisages a mid-seventies cut-off point for five power defence, with the important difference over the 1967 plan being that five power equality has replaced British predominance.

So it would be an additional irony if Australia were now to give preference to instant withdrawal rather than to a limited period of partnership, in which Britain is no longer "master" for Australia or New Zealand any more than for Malaysia and Singapore.

Gulf Aviation makes loss

By Our Own Correspondent

BAHRAIN, Oct. 27. GULF Aviation Company, in which BOAC has a 28 per cent. interest, made an operational loss of approximately \$56,000 on the past year's operations, the annual general meeting was told yesterday. This compared with an operational profit of \$97,000 in the previous year.

Shareholders learned, however, that Gulf's income from associated enterprises had ensured a net profit of nearly \$25,000 for the year compared with a net profit of \$250,000 in the previous year.

Israel's Suez conditions

BY OUR OWN CORRESPONDENT JERUSALEM, Oct. 27.

ISRAEL will present to Washington two conditions for negotiations under the auspices of U.S. Assistant Secretary of State, Mr. Joseph Sisco, for an agreement on the reopening of the Suez Canal according to authoritative sources here.

They are that the U.S. undertakes to resume the supply of Phantom jets to Israel, and secondly, that Washington gives an official and unequivocal undertaking that the negotiations will not be based on the six points enumerated by the U.S. Secretary of State Mr. William Rogers.

Israel objects in particular to the proposed crossing of the Canal by Egyptian military forces and to the cease-fire being limited to 18 months. Apart from the suspension of the supply of Phantoms, Israel has no complaints regarding the flow of arms from the U.S., the sources added.

Our Middle East correspondent writes: President Tito, who to-day begins an official visit to Washington, is expected to explain Egypt's stance in relation to the American initiative aimed at an interim settlement between Israel and Egypt.

Pakistan not to make Russian TVs

By Our Own Correspondent

KARACHI, Oct. 27. THE PAKISTAN Government has dropped a scheme for setting-up a plant for the manufacture of Russian television sets. One of the reasons was cost—about Rs.85m.—and the consideration that estimated production of over 100,000 sets a year would be far more than the average yearly demand.

According to estimates, in the last seven years over 100,000 TV sets have been sold in Pakistan.

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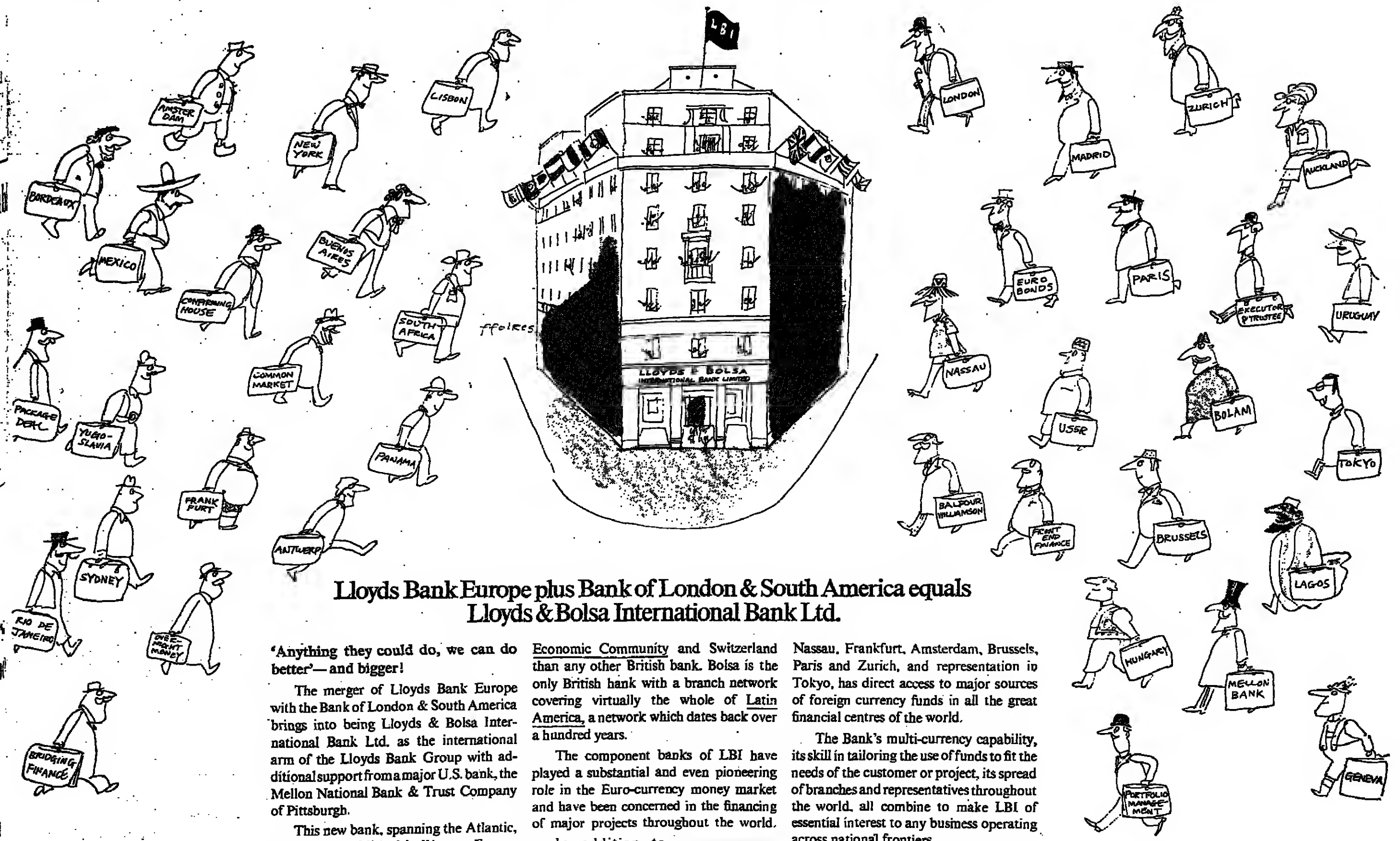
In addition to London and New York the LBI Group, through branches of its subsidiaries and associates in

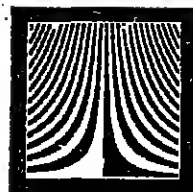
Nassau, Frankfurt, Amsterdam, Brussels, Paris and Zurich, and representation in Tokyo, has direct access to major sources of foreign currency funds in all the great financial centres of the world.

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

U.K. hovertrack is cheaper conference

BRITAIN'S work in the development of a 250 mph/400 kph hovertrain has been endorsed by a U.S. Government report published on the eve of Tracked Hovercraft's full-scale vehicle tests.

In an assessment of future transport requirements for the U.S. "North-East Corridor" area (Washington-New York-Boston), the British hovertrain system shows a capital saving in excess of \$700m. over previous studies of a suitable TACV route, plus increased research and development of this form of transport.

The U.S. Department of Transportation's final report, after an extensive four-year study, calls for immediate planning of a suitable TACV route, plus increased research and development of this form of transport.

High speed service, environmental considerations, and profitable operation at reasonable passenger fare levels, are some of the reasons why the report favours hovertrains in its American U-shaped track was principal transport recommendation for the U.S. in the 1980s. The authors state that the hovertrain was chosen because it applied by the Department to the

offers the potential of a very attractive service, very good reliability, comfort and safety, and low unit cost.

In the British hovertrain—described on the Technical Page of October 22—the air cushion suspension system developed from that used in the marine hovercraft—provides support and guidance, in combination with the electric linear induction motor for propulsion. The British design is based upon a simple box-beam track (such as that currently under construction at the THL test site near Cambridge) and a specially developed "single-sided" version of the linear motor. The simple track design is a relatively low-cost system, and the single-sided motor is claimed to give improved safety and reliability.

When Tracked Hovercraft was given a contract by the U.S. Department of Transportation to study existing TACV track designs in 1970, the company's studies showed that the basic cost of the report favours hovertrains in its American U-shaped track was principal transport recommendation for the U.S. in the 1980s. The authors state that the hovertrain was chosen because it applied by the Department to the

Urban roads at IHE

THEME of the Institution of Highway Engineers' national conference to be held on December 9 and 10 at Church House, Westminster, London, S.W.1, is "Urban Transportation."

At a time when the construction of urban roads is accounting for an increasing proportion of the national highway budget, the conference subject is of significance. In addition, the problems of traffic restraint, environmental safeguards and the maintenance of adequate public transport systems are becoming more and more critical.

These problems will be illuminated by the papers to be presented by planners, engineers and users, and the conference will attempt to suggest solutions. Applications to the Secretary, IHE, 14, Queen Anne's Gate, London SW1H 9AF.

CORROSION

Bugs cause metal problems

FOR SOME YEARS it has been known that bacterial action in machine tool cutting fluids and rolling mill lubricants can cause quite severe problems. Much more recently some rather unsettling disclosures have been made about the way in which bacterial attack on aircraft fuels can actually cause holing of wing tanks and leakage of jet fuel through the openings.

Now, with the discovery that some bacteria can live and multiply even in such sterile media as solutions for the gold plating of a range of electronic and other components, it is becoming only too clear that many problems formerly ascribed to a variety of causes could in fact be due to unsuspected bacterial action.

Degradation of cutting oils and of hydraulic oils causes slime formation and the deposition of large amounts of residues, but also the production of quite severely corrosive decomposition products under bacterial attack.

Immediate results are poor tool life and unsatisfactory finish, as well as corrosion, and in the particular case of rolling equipment the result is roll pick-up and poor sheet quality. In either case, the lubricants and cutting oils are consumed at a far higher than normal rate. Mere traces of contaminants

can be the start of a whole cycle of microbial invasion, but the "ecology" of such breeding grounds is quite well understood and the effects can be alleviated by improved maintenance, the selection of oils resistant to decomposition and the use of the chemical additives known to kill or to inhibit the offending bacteria.

Problems such as these have been under study at the University of Cardiff's microbiology department, whose Wolfson Foundation has a laboratory specially devoted to biological problems of industry.

This centre has been dealing with a number of industrial mysteries, the most recent of which was the above-mentioned spotty gold plating which turned out to be the result of bugs eating some of the constituents of the plating fluid.

Areas it is now working in cover aircraft fuels—all RAF fuels contain a biocide—water with organic additives, dry cleaning fluids and many others, which at first sight would not be associated with a bacterial decomposition process.

Newly added is the study of corrosion in ships due to the production of highly active chemicals from bacterial wastes. There is also a strong possibility that much of the deterioration of stonework and facing bricks in buildings could come

from accretion of dusts and soot followed by microbial attack.

This is a unique centre, but it does not claim to be the fount of all knowledge so far as the handling of this type of problem is concerned. Indeed, its knowledge can only advance as new problems are brought to it for evaluation.

The Wolfson Foundation is seeking to expand into Europe and elsewhere and hopes for worthwhile results on the overseas front as a result of the specialist courses it is to run next year.

These courses will give students an insight into the types of industrial materials which can be attacked by, or feed, contaminants. They will also include a workshop where industrial staff will be able to bring their problems for examination at first hand.

Other courses impinge on areas of activity which will open up an entirely new field of processing. These are the production of useful elements and compounds by bacterial rather than chemical action and the treatment on a massive scale of effluents by biological means.

Meanwhile the University has a site on its campus open to any industry or organisation which could set up a laboratory there able to profit from the proximity of the many disciplines to hand.

COMPUTERS

Fast access disc store

ANOTHER abut was fired in the peripherals price war this time when Memorex, of 50, Salisbury Road, Hounslow, Middlesex, announced its 3870 disc store system. It is designed to be compatible with the IBM 360 for attachment to the System 370, has a 27 millisecond average access time and is priced lower than the IBM product.

Memorex states that the 3870 has many simplified maintenance characteristics and requires only 10 per cent of the installation area of the 3330. Rapid mounting and replacement of key components is also claimed.

All the control electronics of the drive are contained in the operator console located above the pack enclosure of each drive. The console, which may be slid forward for access to the recording heads, also incorporates an activity display.

There are two drives, each providing independent control and display features on a wall-high panel. This panel serves as control and diagnostic functions. Once the start switch is pressed, a series of sequence lights indicate the status of the drive. Furthermore, the displays provide a status of the head and cylinder addresses so that the user may monitor the operation of the device. In the event of any problem the panel will display the failure condition in addition to the cylinder position. The coding system of the display permits both the customer and the service engineer to pinpoint the source of the trouble.

First shipments of the 3870 are to be made in the fourth quarter of 1972.

SERVICES

Warehouse for metric steel stock

WEAT is believed to be the first steel stock warehouse in Britain to be built solely for stocking metric steel. It has been opened by Macready's Metal Company, of Pentonville Road, London, N1 9NE, at a cost of some £400,000.

The opening ceremony was performed by Lord Ritchie Calder, chairman of the Metrication Board, who remarked that Macready's had at least gone some way in demolishing the "chicken and egg" argument in the industry about going metric—that it is no use doing so until metric stock materials can be obtained easily.

In fact, the new warehouse will carry a dozen different types of steel in sizes ranging from 2 mm up to 300 mm.

PRODUCTS

Long-life battery

A SMALL high-energy lithium battery has been developed by Honeywell for industrial applications, particularly those that require long-term storage.

Design of the battery and use of lithium anodes enables the company to offer a long-term storage for special applications, with double the voltage of flashlight batteries.

In its present design, the battery is about half the size of a standard flashlight cell, one inch in diameter and 1.4 inches long, with a weight of 35.5 grams. Nominal voltage is 3.2 compared with alkaline batteries of similar size, which produce 1.2 to 1.3 volts.

Storage potential of more than ten years is made possible by isolating the electrolyte in a glass ampule to keep it from the lithium anodes. An external cap, provided with the cell, uses a pin to shatter the ampule and activate the battery. Then, depending on storage temperature, it can maintain most of its charge for many weeks.

Tests at temperatures from -40 to +75 degrees F. show the battery will last 500 hours at one milliampere continuous current drain, 20 hours at 20 milliamperes drain, and 12 hours at 50 milliamperes drain. At a current drain of one milliampere, the battery will last 400 hours. The battery, designated G2600-F, is the first primary-reserve lithium power source to be manufactured in volume quantities. The work has been carried out at the Honeywell centre in Montgomeryville, Penna.

Cut Industrial Nitrogen Costs with Cryogenic Plant by Petrocarbon

Petrocarbon Development Limited, Petrocarbon House, Manchester M2 2TJ, England, Telephone: 061-275-1231.

Big load floats on air

PROGRESS on the construction of an overhead transmission line on reclaimed land on the Zuider Zee, Holland, has been dramatically improved following the introduction of two Hovertrailers on the site.

The two units, each of 15 tons capacity, were recently exported to Holland by Hovertrailers International of Southampton, was taking three days to move for use by the contractors, Visser en Smit N.V. These units are designed to be linked together side by side to form a platform capable of transporting a 25-ton pile driver which has an 80 foot high mast.

The trailers were constructed in two halves for easy shipment and were assembled in less than four hours after arriving at the site in Holland. They now are exceeding expectations, working over very boggy terrain. The units can move the pile driver from one site to the next in about one hour. Previously it took three days to move for use by the contractors, Visser en Smit N.V. These units are designed to be linked together side by side to form a platform capable of transporting a 25-ton pile driver which has an 80 foot high mast.

As a result of the introduction of these trailers into Holland the company has received enquiries regarding further export orders.

Extra drive for tractors

FOUR-WHEEL drive on agricultural tractors has been available for years and has proved advantages, but limitations such as high cost of initial fitments (about £1,000) and later maintenance, loss of under-axle ground clearance and reduced steering lock capability have always limited the potential.

An agricultural tractor can now be modified to four-wheel drive by fitting a small low speed high torque motor to each of the front wheels, replacing the existing stub axles. Power is supplied to the motors via a gear pump with valves and flexible high pressure hoses tapping into the vehicle's hydraulic system. High torque is immediately available on the rear wheels when the rear wheels are stalled.

The system can also be installed in trailer wheels using hydraulic power from the tractor, thus providing a six-wheel drive.

The drive is built by Carron Hydraulics, Mitchellton Industrial Estate, Kirkcaldy, Fife, and has been developed with the co-operation of the National Engineering Laboratory. Considerable expertise has been provided by W. Harold Perry, Cranborne Road, Potters Bar, supply is not shut off, or will lift. This company has fitted the drive to a Ford 5000 tractor and a Perry Shire 500 highway lift trucks are typical applications, and a trailer, which are

being demonstrated on a farm near Royston, Herts. Perry states that a front-wheel drive basic kit can be supplied for about £600 or almost 50 per cent cheaper than other forms of four-wheel drive for tractors.

Carron Hydraulics is a division of the Carron Co. which was founded in 1759, helped James Watt to build the steam engine, supplied Carronade guns to Nelson and Duke of Wellington, and provided facilities for Major General Shrapnel to develop his shell. Development of the hydraulic motor has been proceeding for seven years but it is only recently that research at NEL provided the answers to problems of lubrication and the special materials required to meet the high stresses inherent in this type of motor.

The Carron Hydraulic motor is finding many applications in industry—in equipment used in building and civil engineering, mechanical handling, processing and manufacturing, and for marine and other machinery. Apart from high torque at low speeds, the motors offer, when used in conjunction with a variable delivery pump, stepless speed control in either direction of rotation, minimal transmission shocks, and can provide immediate braking if the oil supply is not shut off, or will lift. This company has fitted the drive to a Ford 5000 tractor and a Perry Shire 500 highway lift trucks are typical applications, and a trailer, which are

PROCESSES

Separates the coal from sand

SAND and gravel producers are faced with the problem of separating coal and other organic matter, including leaves and sticks, from the aggregate before it is suitable for use in concrete mixing.

A process claimed to be capable of achieving this has been devised by Harleford Hydro-sand Equipment Company which has constructed three prototype models and is in the process of building a fourth.

Prototype tests have been successfully carried out using 3-16 inch down river sands from beneath a screen, soft sand as dredged, and sharp sand as well as soft sand ex-cyclone overflow.

Designed to be more efficient than the best hydrocyclones and test type machines, the new machines can handle classified or unclassified feed. The machines, which are suitable for semi-skilled operators, do not incorporate sand pumps, cyclones, density devices or prior dewaterers.

One of the machine's main features is its ability to recover fine sand from a Krebs 15B cyclone overflow at the same time as removing organic matter.

Running costs are expected to be in the order of 1 hp per ton hour of feed with the capital cost expected to be less than £150 per ton hour of plant capacity.

The Harleford Sand/Coal Separator is to be offered initially as a package unit with a capacity of up to 20 tons per hour. The company is at Harleford, Marlow, Bucks.

Extra-fine sifting

PARTICLES down to 5 microns can be sifted by using air columns instead of shaking screens to move the material.

Separation of delicate powders in this size range is difficult because vibrating screens are likely to grind the particles smaller. Also, the screens are likely to clog quickly, halting the separation.

These objections can be overcome says Allen-Bradley Co. of 205, West Scott St, Milwaukee, Wis., U.S., by use of sonic sifting. In this method, an oscillating air column moves the material up and down through stationary screens. The gentle air handling almost eliminates grinding and attrition, the company says.

Screens are available in U.S. standard sizes from 31 through 400, and also from 150 down to 5 microns.

Plastics in forging processes

WHERE close heat control can be achieved, plastics can be forged with an increase in strength and a reduction in process time.

A number of small American companies are forging plastic parts up to 3 lbs. The advantages are that strength is increased, as is in forging metal, by about 25 per cent. Also, a plastic part can be forged in 30 seconds to three minutes, compared with 15 minutes for injection moulding.

The chief disadvantage is that there is only about five degrees F. difference between forming temperature and the melting point. For that reason, the pre-heat of the plastic billet must be controlled within 2 degrees plus or minus.

A report on the state of the industry by Paul M. Coffman of Shell Chemical Co., Woodbury, N.J., U.S., says that parts being forged currently are gears and sprockets for snowmobiles, where plastics' abrasion resistance is greater than carbon steel; heavy sections and flanges for chemical plant piping; and blades for snow shovels.

MATERIALS

Pump works with many fluids

SILICONE and fluorosilicone rubber components permit a unique positive displacement pump, manufactured by Fluid Transfer of the U.K., to handle a wide range of fluids including very hot liquids, organic solvents, inflammable liquids and food products.

The pump is completely glandless and no moving parts are in contact with the fluid being handled. It is designed to give trouble-free operation with abrasive or extremely viscous media. Pneumatic or hydraulic actuation enables the unit to be used in flameproof areas.

Heart of the unit is a series of elastomeric rings made up to form a chamber which is deformed by external pressure to provide a pumping action. Conventional elastomers are used to make up chambers band-

ling a wide range of fluids such as pastes, slurries and pottery slip and clays but when operating temperatures are elevated or when fluids attack conventional elastomers, Fluid Transfer use "Silastic" silicone and fluorosilicone rubber produced by Dow Corning.

Silicone and fluorosilicone rubber components will function for very long periods of time at service temperatures between -60 and 230 degrees C. Silastic fluorosilicone rubber, which outperforms fluorocarbon elastomers at extremely high temperatures, is specified for pumps handling fuels and solvents such as kerosene aviation fuels. Silicone rubber is specified when service temperatures are elevated or chemical resistance must be improved. Food-grade silicone rubber has been specified for Fluid Transfer for applications such as pumping hot liquid chocolate.

Further details are available from Midland Sales of Reading Bridge House, Reading, Berks. RG 18 1PW.

Electrical insulants

PERMALI of Gloucester has added three new materials to its Permaglass range of non-woven glass fibre reinforced electrical insulation materials.

They are Permaglass XS (silicone bonded), Permaglass XE6/5, and Permaglass XE6/7 (epoxy bonded), all of which are produced in the company's new £100,000 continuous process plant.

Aimed at markets requiring respectively Class "E" (120 degrees C), Class "F" (150 degrees C) and Class "H" (180 degrees C) insulation materials, the new laminates have improved machinability, punchability and cost less.

"We have proved the superiority of non-woven laminates for these, and other applications, by our test marketing. Furthermore, we can keep the price down because of the unique manufacturing process we have evolved," says the company's sales director, Mr. John Swainson.

The non-woven philosophy for these applications evolved from the traditional manufacture of Permal wood base laminates and involved the coating of each glass strand with synthetic resin, thus preventing glass to glass contact as in coated woven glass fabrics.

National Vulcan go out of their way to help

To really appreciate what's so "special" about NV Special Services you'd have to accompany a National Vulcan engineering team on its assignments: scrutinise the drawings of new boiler plant and pressure vessels alongside these eagle-eyed experts; look over their shoulders as they check construction details at every stage of pre-commissioning. Impressed? Of course you'd be impressed, not only by National Vulcan's versatility and attention to detail, but by their sheer professionalism. By the fact that they go out of their way to help make sure of the integrity of a client's plant (and his profits). Many companies commission us to carry out non-destructive testing services—ultrasonics—radiography—dye penetrants on plant during construction; or to plot defects and wear and tear on production plant. This way NV can save days of production time.

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PARTAGAS

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

What is really wrong with economics

THE NOW fashionable attacks on economics are likely to be stimulated by the rival lists that have been drawn up of economists who are for and against the EEC. It might therefore be worth offering a few thoughts on what is really wrong (or right) with the subject and those who profess it. As I am myself engaged on a little informal empirical research on the topic, I should be pointed out that this is a preliminary article, written before any of the results have arrived.

The first clue to understanding what economists do not exist mainly to promote enlightenment, to discover how the economy works or for other such vague and worthy purposes. Like other professions, economists survive and prosper by studying the market and supplying what it appears to want.

One criterion

At the academic level the main market is, of course, for learned papers. The contribution of such papers to economic understanding is one criterion by which they are judged. But it is not the only one, and it is a very elusive and intangible quality to assess. More important in practice tends to be a "professional competence." This is something other than the statistical and mathematical methods used, knowledge of, and references to, the previous literature, internal consistency and so on. It is much more important for a paper to be "competent" than for it to be right or enlightening. Things could hardly be any different. When economists consisted of a small band of gentlemen scholars, as they did in the great age of David Hume, Adam Smith and Ricardo (and to a lesser extent up to the eve of the Second World War) it was possible to put great weight on general insight, and to allow room for a great variety of methods and approaches. With the explosive growth of the profession since the end of the war, and the need to fill hundreds of new teaching posts, an emphasis on technical competence in the narrow sense was probably the only way of keeping any sort of watch on standards. Indeed, British economists have still to work out of their system a partially justified inferiority complex in relation to American professional techniques.

There is, however, one aspect of the market which is relevant both to the really ambitious academic aspirant and to the top level economist pontificating before a Congressional committee or a television screen. This is the well-known process of "product differentiation." At the academic level prizes are to be gained by slightly differentiating one's theories and methods from those of other economists, while staying within the "general" professional canons mentioned above.

But at the level of public debate the effects are more serious. For there is no doubt that leading economists can make a great, if superficial, impact by differentiating their

advice as much as possible from that of their colleagues, and putting the emphasis on those points which they believe to be original rather than on the common elements on which most economists agree. This was symbolised by a recent cocktail party in Washington where one economist present remarked: "I have got some really smashing evidence to present to Congress tomorrow," but refused to discuss its nature in case he was pre-empted by someone else.

It is easy enough to state the ideal qualities which should be exhibited in public pronouncements by an economist. He should first emphasise the areas and topics on which there is some consensus then go on to the areas of disagreement, explaining as far as possible how far these are about cause-and-effect relationships and how far they involve differing judgments about the political goals for which we should strive. At the end of such an exposition he might then tentatively offer his own contribution to the unresolved issues.

Yet there is extremely little chance of this ideal being realised. (Nor can one claim that economic commentators have followed it any more than academics have.) For it is simply not what the market wants. Three distinguished economists, Friedman, Samuelson and Krashinsky, gave evidence on the same day in September to a Congressional committee on foreign trade and currency issues. There seemed to me an overlap of about 75-80 per cent. both in their analyses and in their policy recommendations; and the three economists concerned did not particularly try to emphasise their differences. Yet the inevitably brief public reports concentrated almost entirely on disagreements, and particularly on the minor issue of whether or not a small "cosmetic" increase in the dollar price of gold would be a good thing. After all, it was this that constituted the news value of the hearings.

Public demand

Nor will it help to make a scapegoat of the Press, for there is a deep seated ambivalence in public attitudes towards economists. While people delight in ridiculing them for their disagreements, they are also entertained by "original," "provocative" and "controversial" viewpoints; and a high price and some prestige can be gained by meeting this public demand. The key to understanding many economic pronouncements is that they belong, at least as much to the entertainment as the information industry.

Another aspect of the contemporary economic scene is the stress on quantification and prediction. Indeed Professor Harry Johnson claims that ability here "now constitutes the economists' main claim to superiority as a profession over the general run of intelligent men with an interest in economic problems." (His views are to be found in *Australian Economic Papers*, June, 1971.) A dissenting view

is however provided by Professor Hayek who remarks that "what we must get rid of is the naive superstition that the world must be so organised that it is possible by direct observation to discover

sufficiently forcibly that, with the gold window shut, and the dollar not supported against any other currency, the U.S. simply could not have a balance of payments problem; or whether they were

One frequent charge against economists is that they are guilty of political bias. This is usually put in the wrong form. Where the investigations of an economist lead him to certain political

direction than a Democrat President would ever have dared. Bias of this kind is easy to dress up in respectable statistical form. But, again, simple condemnation is of little help. The market demand, when politicians consult economists, is for debating ammunition or for loaded prognoses of the movement of the economy.

Some economists steer admirably clear of anything resembling partisan debating points but succumb to temptation of a different sort. They are tempted to fall in with the latest fashion and to advocate, for instance, incomes policies or the replacement of reserve currencies by paper units. But there is also a sophisticated market for those who are prepared deliberately to go against fashion and decide what they believe to be the conventional wisdom.

Shell-shocked

Unfortunately, economists of this latter brand are apt to change their opinions with such rapidity that any layman who tries to base himself on their pronouncements would soon feel bewildered and shell-shocked. Indeed, one is often struck by the way in which the severest academic critics of the journalistic approach outdo all the journalists. Again, however, they are providing a service for which there is a definite demand.

Of course, not all the different levels of debating them. Moreover, there are a good many more limited issues on

'There is a deep-seated ambivalence in public attitudes towards economists. While people delight in ridiculing them for their disagreements, they are also entertained by "original," "provocative" and "controversial" viewpoints, and a high price and some prestige can be gained by meeting this public demand.'

simple regularities between all phenomena and that this is a necessary presupposition for the application of scientific method." (*Studies in Philosophy, Politics and Economics*, published by Routledge.) Hayek's view is that economics enables one to predict certain general features of a situation, but not particular consequences.

One does not need to go quite so far. Specific predictions are useful when they can be obtained. But even if they cannot be, some good generalisations are a good deal better than nothing. Indeed, the most important advice that needs to be given often involves extremely elementary economics of a "first-year" kind. One wonders for example if Treasury Secretary Connolly's advisers pointed out

too busy with dubious predictions of the trade balance to bother him overmuch with this simple proposition.

Home truths

Again, however, the clue is to look at the market. If economic advice concentrated on such elementary home truths, the need for employing large numbers of specialist advisers might be called into question. On the other hand economic forecasting looks like a highly technical service which Permanent Secretaries could hardly provide for themselves with the aid of a scribbling pad. No matter how often forecasts go wrong, the moral that is drawn is that one should continue to work to improve them.

conclusions he has every right and even duty to promulgate them. Nor should he be deterred by fear of introducing "value judgments." Many apparent value judgments are susceptible to further analysis.

The undesirable kind of political bias is different. It is where economists make partisan points designed to provide respectable ammunition for the political party they favour—sometimes in opposition to their own basic beliefs. This was particularly noticeable in the U.S. recently, where some pro-Republican economists have defended the Nixon wage and price controls, while Democrat economists have searched around for tiny nagging points of criticism—despite the fact that Mr. Nixon has moved much further in their

of the market or to confusions of presentation. There are major differences on some of the most basic questions of how the economy works. Would a much higher level of demand (with or without an incomes policy) lead to a virtuous circle of growth and lower prices, growth alone, or simply to an explosive and unsustainable situation culminating in "no-stop" and less growth rather than more? You can find learned pieces of econometrics to justify all these incompatible positions.

Technical economics has indeed remarkably little to say about the causes of the "Wealth of Nations"—and therefore of the long-term effects of joining the EEC. At a recent anniversary dinner of the Political Economy Club, Lord Robbins demonstrated that many contemporary arguments were already current in the early 18th century, and it is a myth to assume that they will be quickly resolved—any more by the importation of sociology to-day than by the importation of techniques from the physical sciences, from which so much was hoped in the 1930s.

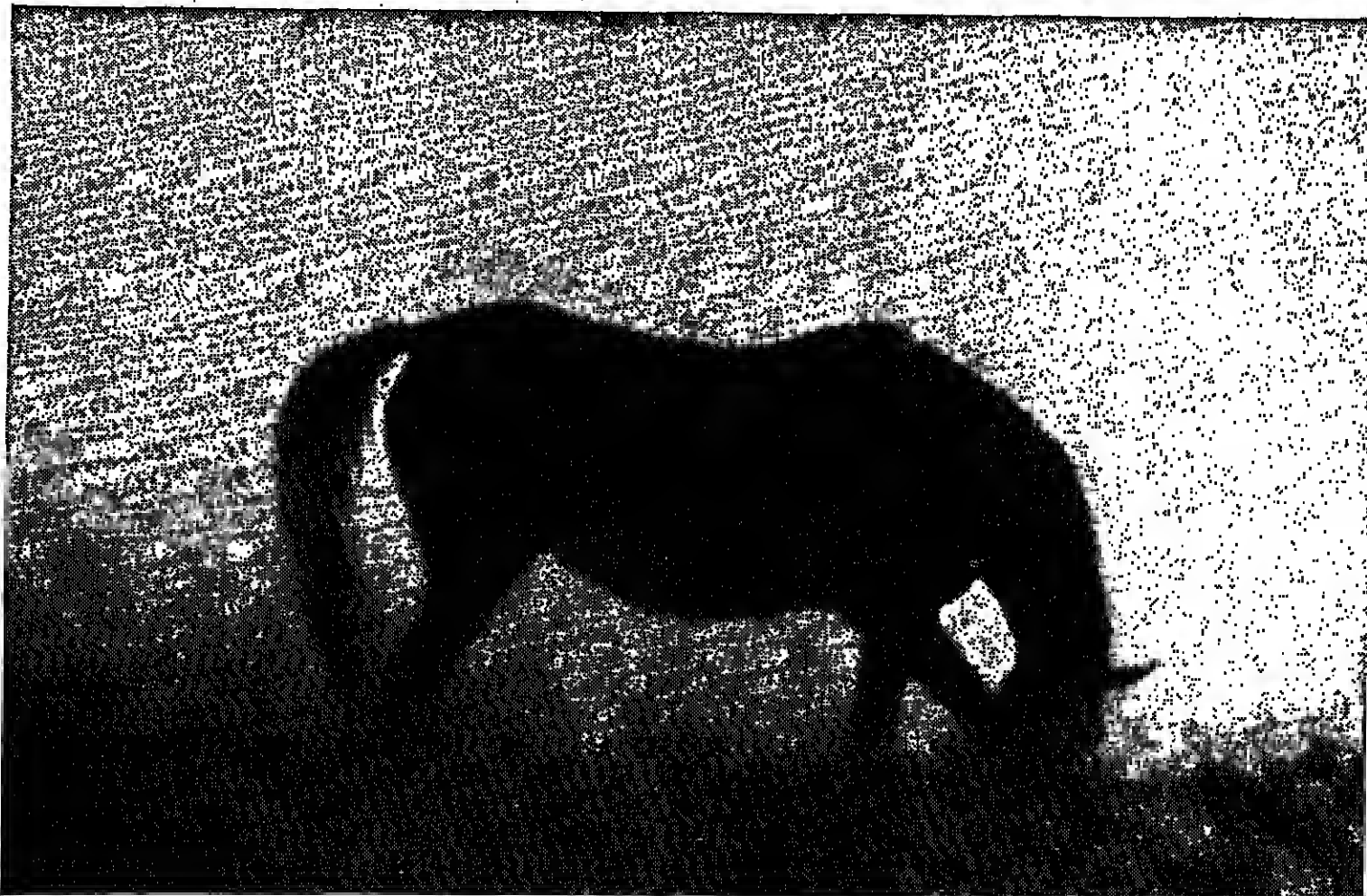
But agnosticism on some of the larger issues does not mean that the subject is nonsense. The fact that philosophers still disagree over age-old topics, such as determinism or free will, does not mean that anyone's opinion on these topics is as good as anyone else's, or that there are not different levels of debating them. Moreover, there are a good many more limited issues on

Good teaching

A ray of hope for practical reform may be discerned in the changing character of the economics market. University demand—partly in response to student pressure—is shifting from research to good teaching, especially for those students who are not full time economic specialists. Although this could well introduce a "trendy" element, it should also lead to more thought being given to the content and meaning of basic principles and how to put them across.

Recent research has shown that students gain very little from elementary economics as far as their subsequent ability to interpret current policy problems is concerned. Reform here could lead the way to a shift in the emphasis with which the subject is presented both to the political world and to the general public. The result might seem a good deal duller than the present no-holds barred debate; but it would also be a good deal healthier.

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HOME CONTRACTS

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Standard Telephones and Cables is to supply the Post Office with Trimpsons and other subscriber apparatus worth about £3.5m.

George Whimpey and Co. is to build a £900,000 factory for Homeworthy Guaranteed Ruralure at North Elyton industrial estate, Sunderland.

Honeywell has received a £300,000 order for more than 500 sets of Vtronik miniature

electronic instrumentation from Foster Wheeler, main contractor for the extensions to the Esso refinery at Milford Haven.

International Combustion has won a contract worth almost £500,000 for a municipal incinerator plant in Porth, Rhondda. The order is from the Rhondda Borough Council and is expected to be in operation by mid-1973.

Conference on metrication in engineering

MR. JOHN DAVIES, Secretary for Trade and Industry, is to open the third national conference on metrication in engineering, the second issue of *Going Metric*, the Metrication Board's free quarterly bulletin, reveals. The conference, organised by the Board, is in London on November 2 and 3. Subjects to be discussed include metrication progress and future plans, a variety of engineering products and semi-finished materials. Forty speakers will represent manufacturers, users and stockholders.

The Board has also published two further management manuals: *Metrication for Engineering Management* (SO, £1.90) and *Metrication in the Machine Shop* (SO, £1.75). Both are based on comprehensive surveys of companies which have already made the change.

JORDAN-SYRIA: NEW CONTACTS

BEIRUT, Oct. 27. Jordanian Foreign Minister Abdullah Salah arrived in Damascus today for talks with his Syrian counterpart, Abdel Halim Khaddam on normalising relations between the two countries.

He is the highest-ranking Jordanian official to make contact with Syria since the latter closed her border and airspace with Jordan last July 25 to protest suppression of the commandos by the Jordanian Army. Informed sources believe the talks will concentrate on Amman's insistence on reopening the border.

Protecting your thoroughbreds

Animal health, particularly that of pets, is constantly threatened by a series of dangerous infectious diseases. Because of his close relationship with animals, man is also at risk. Research into animal disease is, therefore, vital to both.

Scientists at Behringwerke, a subsidiary of Hoechst, have developed Prevac, a vaccine against equine influenza, the infectious coughing of horses. A safe, effective preparation without undesirable side effects.

They have also developed Maxavac® TCV a combined vaccine for dogs which protects simultaneously against four infectious diseases—distemper, hepatitis, and the two forms of leptospirosis. Maxavac is prepared from tissue culture and thus offers a safe, effective and potent form of prophylaxis.

*Maxavac is also marketed under the trade name Candur.

Ahead through systems thinking

Prevac to protect horses, and Maxavac to protect dogs—the result of Hoechst knowledge and experience in many fields: The development of sera against diptheria and tetanus, co-operation between scientists in human and veterinary medicine, in bacteriology, virology, parasitology, zoology and toxicology to create new drugs and vaccines.

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Smoke a real Havana cigar

PARTAGAS

Bovis plans £50m. expansion

BY MICHAEL CASSELL

A MAJOR expansion of property development activities by Bovis, to include an initial £50m. building programme and greater participation in Continental construction work, was announced last night.

It will be carried out by the company's property division over the next three to four years. In 1971-72 alone, developments valued at about £50m. will be started.

Some of the projects will be completed during 1972 and a substantial number of these represent pre-let situations, said a company spokesman.

Schemes
During the next few months, building will begin on a £2.5m. scheme at Heston, Middlesex, a £2.5m. development at Aylesbury and a £3m. construction programme at Basildon.

Also scheduled for an early start are schemes at Feltham, Fordingbridge, Derry, and Stockport. A second part of the property division expansion programme involves the formation of a new Coastal property company, Eastleigh, Hants. A further Bovis B.V. which will be established in Holland within the next two weeks.

It was in Holland last June that Bovis made its first property investment outside the U.K., a £2m. development in Amsterdam. The 250-bedroom hotel has now been leased to, and will be operated by, Floridly Estate and Hotels of London.

The spokesman added last night that a further £25m. development programme is also to start in Amsterdam. It will involve the construction of an office block with 150,000 sq. ft. of accommodation. He said 25 per cent of the space is already pre-let.

Negotiations are nearing completion on various other overseas projects located in what the company calls "prime centres" in Holland, France and Belgium.

Chief executive of the Bovis property division, Mr. Barn Abbott, commented: "Our policy is to go for prime locations. The method of funding is one of forward sales, precluding the need for raising funds from own resources."

"We are assembling sites in key positions on the Continent and the U.K., providing a balance between office, shop and industrial developments."

Sold
At present in the U.K. development work is already in progress on a £2m. scheme at Dudley and £500,000 project at Eastleigh, Hants. A further £300,000 development programme is proceeding at Bolton.

It was also discussed last night that at Rockingham Gate in the centre of Sheffield, most of the company's seven-storey building, comprising 50,000 square feet of office accommodation, a 20,000 square foot supermarket, a car park, had now been let and the forward sale of the last property arranged.

Hopes of bulk-carriers go-ahead at Govan soon
GLASGOW, Oct. 27.

ARRANGEMENTS for building of four 26,000-ton deadweight bulk-carriers at the Govan shipyard on the Upper Clyde are expected to be finalised before the end of next week.

Two executives of Irish Shipping, Mr. William O'Neill, general manager, and Mr. J. Niall McGovern, secretary, completed the formalities here today with Mr. Robert C. Smith, the U.K. liquidator. The contract has been in abeyance since UCS went into liquidation, and a failure to renegotiate it would have led to substantial redundancies at the Govan yard, two of whose berths are empty.

Mr. Smith has already authorised ordering of materials for the ships following last Thursday's statement by Mr. John Davies, Secretary for Trade and Industry, that the Government was prepared to give the guarantees requested by Irish Shipping to confirm the contract.

The guarantees include price and an undertaking that part payments would be refunded if the ships were not completed.

The Board of Irish Shipping met in Dublin today to discuss correspondence from the DTI. A spokesman said afterwards that the company hoped to have the deal "signed and sealed" in seven to ten days.

In Glasgow today executives of Govan Shipbuilders, the new Government-backed company, were having their first meeting with officials of the Clyde Confederation of Shipbuilding and Engineering Unions. Mr. Kenneth Douglas, now the deputy chairman (he is managing director of UCS, now in liquidation) and Mr. Archibald Gilchrist, chief executives, were there; so were Mr. Joseph Black, chairman, and Mr. Donald Tonner, secretary, of the confederation.

The purpose of the meeting was to discuss procedures to be followed in future negotiations.

Retailing in Britain more concentrated than in U.S.
BRITISH retailing business is now exceptionally highly concentrated, compared with the U.S. as a whole, according to a report published today.

Post-war growth of the multiple retailing chain and mergers and acquisitions in general have affected the structure of the industry, says the report, "Small Retailers: Prospects and Policies," commissioned by the Bolton Committee of Inquiry on Small Firms.

It attributes the declining number of very small retailers primarily to changes in retailing techniques and to mergers, and states: "The spread of self-service and sales promotion techniques, which were all known before the war, have been speeded up by increasing labour costs, wider car ownership and urban renewal."

But the report expects the decline in the small firm sector of retailers will soon begin to slow down.

Also published today is a research study by Merrett Cripps & Associates entitled "Dynamics of Small Firms," which sets out the results of interviews with 700 small firms in manufacturing, construction and the retail and motor trades.

Of the firms interviewed, 78 per cent of chief executives had a significant stake in the business, but were recruited from "extremely narrow bounds and typically without formal qualifications."

There was no question of a water shortage at it was stated, and the application for a drought order was a safety measure. It was granted it would allow the Board to divert more river water into the reservoir to help up the level.

Drought order sought in Potteries
By Our Own Correspondent

THE Staffordshire Potteries Water Board is to apply for a drought order for the first time in its 47-year history. The Board's Pittsford reservoir is 14 feet down on capacity level with only 50 days' supply left.

There was no question of a water shortage at it was stated, and the application for a drought order was a safety measure. It was granted it would allow the Board to divert more river water into the reservoir to help up the level.

MARIO and FRANCO RESTAURANTS LIMITED
Points from the Statement by the Chairman, Mr. David Napier

★ Although net profit increased, the figure is somewhat less than anticipated. This is mainly attributable to the considerable rise in costs and also to the time taken in establishing the new "King Bomba" restaurant in Soho.

★ Following the success of The Terraza at Manchester, the Board are proceeding with their policy of gradually extending into other provincial centres. A new restaurant will be opened in Bristol in the course of the year. An exclusive proprietary club has been opened in Belgravia under the name of "The Club."

★ A maintained total dividend of 42½% is recommended. The principal shareholders have again agreed to waive three quarters of their entitlement to participate in any final dividend.

RESULTS—Year ended 30th June

GROUP TURNOVER 1971 £1,294,396 1970 £1,177,847

PROFITS BEFORE DEPRECIATION £ 193,834 £ 171,945

PROFIT BEFORE TAX £ 164,220 £ 148,383

PROFIT AFTER TAX £ 101,617 £ 80,947

DIVIDENDS (less waivers) £ 38,310 £ 35,236

RETAINED PROFIT FOR YEAR £ 63,307 £ 45,711

UNDISTRIBUTED PROFITS £ 186,417 £ 117,578

F.T. INDUSTRIAL RELATIONS CONFERENCE

ABOUT 400 delegates to the Financial Times Industrial Relations Conference at the Savoy Hotel yesterday heard Mr. Robert Carr, Secretary of State for Employment, defend the Industrial Relations Act. He said that the question of registration under the Act seemed to be causing a lot of bother to the TUC. But in fact it was a simple scheme which seemed fair to the majority of people.

The working of the Act did not depend on whether trade unions registered or not. It was entirely up to them whether they were prepared to secure the Act's advantages by registering.

The Act would not collapse like a pack of cards if every trade union ensured it was not a registered organisation. It might not work as effectively—but it would still work.

Mr. Campbell Adamson, Director-General of the Confederation of British Industry, told the conference that few would deny that Britain is overdue for a change in industrial relations. But the Act made possible a new start.

The conference continues to-day, when the speakers include Mr. Victor Feather, general secretary, Trades Union Congress and Sir Geoffrey Howe, Solicitor General.

THE ACT

Registration fair and reasonable to all says Carr

IT HAD never been the intention of the Government that the trade unions should get themselves into such an unhappy state over the question of registration under the Industrial Relations Act, Mr. Robert Carr, Secretary of State for Employment, told the conference.

Registration was causing the TUC a lot of bother and to mention it was almost to intrude on private grief, he said. But it was in fact a very simple concept which seemed fair and reasonable to the majority of people.

The working of the Act did not depend on whether trade unions registered or not. It was entirely up to them whether they were prepared to secure the advantages—not merely of tax relief and legal immunities but also of access to the new institutions established under the Act to secure bargaining and other rights for themselves and their members.

Negotiations
He added that the Act would not collapse like a pack of cards if every trade union ensured it was not a registered organisation. It might not work as effectively, but it would still work.

Trade unions did not have to be registered to operate, he went on. The Act did not prevent an unregistered organisation from negotiating on behalf of its members, entering into a valid collective agreement, being represented on joint negotiating bodies or even from calling or supporting industrial action provided due notice was given and no breach of contract was involved.

Mr. Carr said that the supervision which registration exercised over registered unions did not mean the end of independence. He could not help but conclude that the trade union movement had got itself into a wholly unnecessary state about registration.

There was, apart from other aspects, an enormous advantage in terms of public confidence and respect for trade unions to be registered. This conference was not to be lightly cast aside in a modern economy in which public opinion was an intangible but all pervasive presence in collective bargaining.

There were new rights under the Act for individuals. These included the right to belong to a union on matter what an employer might say, and the right not to be coerced into belonging. The Act also placed on employers the duty to recognise and negotiate with the union when that was the wish of the majority of employees expressed by secret ballot.

It should also be recorded, he said, that the Act laid down that no court or other authority could order a worker not to strike.

The problems of human relations in industry could only be solved by constructive voluntary action within industry itself, by management and unions, with the prime responsibility clearly on management.

The law by direct action could not be imagined to work a magic and sudden cure. But they believed that good law which set down the judgment of the community about what was fair and reasonable supported by appropriate and sensitive institutions could have a powerfully cumulative effect in influencing opinion and moulding the ways

in which men and organisations developed relationships and business together. Earlier, Mr. Carr referred to strikes which had been accelerating rapidly over the years. He said they could bring disruption on a major scale to a modern economy with highly capitalised production methods and a high degree of inter-dependence between one company and another.

Obligations
The new Act was not attempting to replace the voluntary system of collective bargaining but to reform and strengthen it. It was establishing in essence a comprehensive framework of civil law for the conduct of industrial relations.

He laid down for the first time in our history clear rights and obligations for managements, employers associations, unions and individuals and their relationship one with the other. It also established a presumption in law that collective bargaining arrangements were enforceable unless they contained a specific provision to the contrary.

Questioned from the audience after his speech Mr. Carr said the Act over the years would be the best recruiting sergeant for the unions but he had a reservation. It would increase membership and arouse more interest. It would create a healthy pressure for more union membership and activity—but within a more orderly framework than before.

He did not think it necessary to make registration a compulsory issue. We lived in a free society and one had to be careful before introducing compulsion.



Mr. Robert Carr

Mr. W. O. Campbell Adamson

UNIONS AND THE LAW

Coping with unions' fears

PROF. JOHN WOOD of the University of Sheffield warned that management would have to understand why the unions were worried about the Act. He said that there were two views of the legislation. One was that it was a unitary system in which basically the unions and management wanted the same things, but got into disputes about curbing the other view was that it presented open constructive contention between the two sides.

Prof. Wood said that Mr. Carr's view was that the Act was there to help in difficult situations, but that it would not be required in the vast majority of cases.

"The trouble is that the political controversy which has surrounded the Act and the postures taken up by the trade unions have made this a proposition that cannot be advanced as the agreed view of both sides," he said.

Prof. Wood said that two or three matters in the Act worried the unions. One was Section 5, which had severely disrupted the unions' aspirations in regards to organisation. This section said that a man had the right to belong or not to belong to a union.

The Act provided for the agency shop agreement, but this would not satisfy the trade which had a closed shop. It had provided a halfway house to meet the unions in the context of the right to join or not to join a union. But it had failed to carry the unions with it.

He added: "There is union worry here. They can see that the discipline they hold over members is threatened."

Companies must therefore be clear about the procedural arrangements governing the recognition of workers' representatives and the granting of facilities to people acting for them, and above all these procedures must clearly be agreed with the appropriate trade unions. And management must also make proper arrangements for reviewing the salaries or wages of those employees who do not wish to bargain collectively.

"Once the procedures have been agreed upon then they must, of course, be properly operated. Both the managers who operate the procedures and the employees who use them must be fully informed of how they work and the managers adequately trained in these so that the procedures are operated uniformly throughout the company."

"Lastly, and perhaps of paramount importance, is the need to solve the very difficult problem of training management in the whole area of industrial relations. In the final analysis, it is the quality of management performance which, more than anything else, will determine whether or not any industrial relations system is successful."

ROLE OF REGISTRAR
Amending the rule books

MR. B. HOOBERMAN, a solicitor specialising in industrial relations, dealt with the role of the Chief Registrar of Friendly Societies and said that it would be quite transformed by the Act.

The Chief Registrar now had power to investigate registered Trade Unions when complaints are brought to him by a member or by an individual who is not a member himself, said Mr. Hooberman.

"He has to scrutinise the rule books and bring pressure upon unions to amend their rules if they are not in conformity with the requirements of Schedule 4. He also has the duty of supervising the accounts and superannuation schemes of the union as set out in Schedule 5 of the Act."

The principles contained in this section are not new, Mr. Hooberman went on, pointing out that

the main departures in principle from many rule books are that a member can terminate his membership at any time and that a written statement of the findings of a disciplinary committee is to be given to a member after he has been found guilty of an offence.

The principles apply to both registered and unregistered organisations of workers. If the principles are concerned, it amounts to an unbridled industrial practice. An aggrieved member of an unregistered union may take action in the Industrial Court; a member of a registered union has the alternative remedy of complaining to the Registrar.

"After registration the rules are examined by the Registrar and if they are not acceptable in that they conflict with the principles in Section 65 or do not set out the requirements of Schedule 4 the Registrar shall ask the org-

anisation to alter its rules. Only if the organisation does not alter its rules in time or refuses to alter them, does the Registrar make an application to the Industrial Court to enforce his powers."

Dealing with the Registrar's powers of investigation, he said that a member, or former member, or a person who has been refused admission to a registered union or employers' association may apply to the Registrar to investigate a complaint of an unfair industrial practice or a breach of rules affecting him.

The Registrar may initiate an investigation himself where there has been a serious contravention of the principles set out in Sections 65 or 69 of the Act. If no settlement of the grievance is achieved the Registrar may refer the matter to the Industrial Court or to an Industrial Tribunal.

Assurances
The trade unionist now had a difficult job to do and a lot of thinking, and he needed assurances that if he made a mistake he was not going to pay for it in a disastrous way. There were enormous gains for trade unions if they wished to use the Act gingerly up poor management and keeping it up to scratch within the code.

Management was faced with an old problem, but now brought sharply into focus—how to think in terms of unions, which to encourage and when. But the Act gave no real guidance to this.

The questions to him were not what the details of the law were and who management could sue. These were important long-term results. What worried him in the short-term was that the success of the Act would depend very much on the way industrial relations decisions were made.

They must know by all means what the new legal rules were and listen to the adept practitioners, but they had to remember that whatever management did would be in the spotlight and the crucial year would set its results from the way management behaved.

He added: "Nothing has changed, except that there is a new piece of legal action on the chess-board."

ENGINEERING
Union opposition will fade
MR. MARTIN JUKES, QC, director-general of the Engineering Employers' Federation, said that while the major trade union leaders had been using the new legislation he believed that this would not last.

He cited the example of Sweden where the introduction of a legal framework into industrial relations, but where co-operation within 12 months of its coming into force.

Legislation would make very little difference to the ordinary day-to-day relations in a factory, he added.

It would not stop inflationary wage claims nor strikes, although it might diminish strikes in as much as it might remove the causes for them.

The Act required the setting out of the procedure for dealing with disputes. Negotiations would be necessary with shop stewards, and problems would arise.

He thought that the question of status quo on an issue or a dispute in the engineering industry at present was not a live issue in most factories unless it was turned into one by over-

THE CODE

A poor union response

A MASSIVE volume of comment on the Act had been received by the Department of Employment on the new code of industrial relations, Mr. J. J. Edwards, Under-Secretary of the Department, told the conference.

In a speech dealing with the code, he said that the response from a large number of organisations who were asked to comment had been most encouraging.

"To our regret, very little has come from the trade unions," he went on. "Of course, I understand the reasons for this, but from the purely practical point of view it is a great pity."

"As the Secretary of State has repeatedly emphasised, the consultative document makes no claims to perfection and we are genuinely anxious to make it better in any way possible."

Moreover, it can only be fully effective if based upon a broad consensus of enlightened opinion—and this, of course, must include the trade unions' as well as the management side."

Others have criticised it for the opposite reason, saying that it was too rigid and inflexible to meet varying needs and circumstances and was likely to impose an unnecessary burden on small firms.

There had been a good deal of criticism of the requirement in paragraphs C7 and C8 that all establishments with more than 250 employees should set up a consultative committee following a certain pattern and operating in a specified way.

The application of the code was of fundamental importance and it was pretty clear that something would need to be done to meet the criticisms which had been made. The difficulty was to introduce the right degree of flexibility into the code without watering it down to the point where it became ineffective.

This was a problem. All being well, the code would be in force by February, 1972.

The view of most people directly concerned with industrial relations seemed to be that the consultative document, suitably amended, could prove salutary and helpful. The aim was to produce a final draft for submission to Parliament at the end of this year.

It would seem wrong to interpret the term industrial relations too narrowly in the context of a code of good practice," he added.

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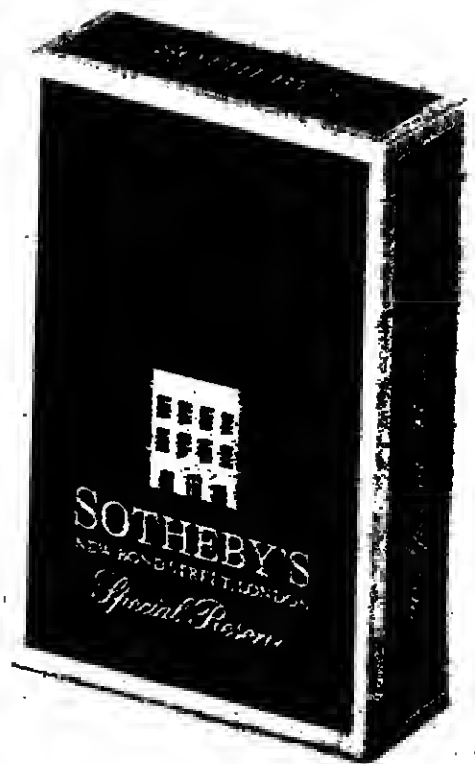
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EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

Sardinia

is Survey was written by PETER TUMIATI Our Italian Correspondent

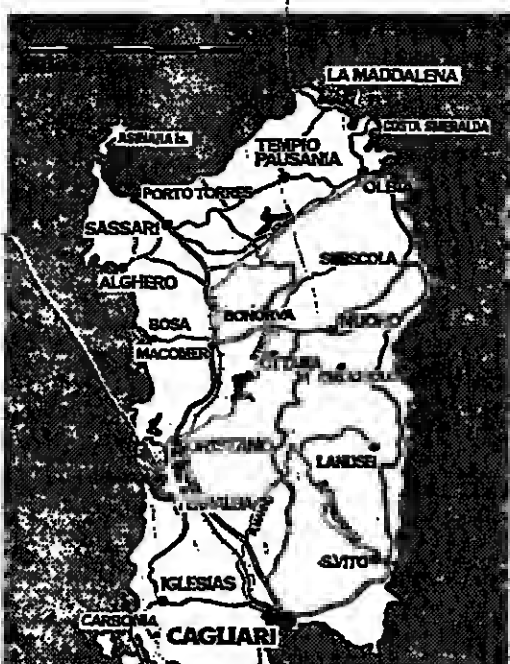
Still waiting for 'rebirth'

In the last year and a half pursuit of jobs and better living mood in Sardinia has changed completely. The former island of unemployment, even euphoria, has been running at almost the highest level since the war. Naturally, those who leave are the young people, those to whom better schooling and training opportunities have been offered. Their departure weakens Sardinia's chances of future development.

These local attacks have come at the worst possible time from a national Italian point of view. Italy has moved into a recession. Even the politicians are now baying to admit it. In fact, the Government is beginning to prepare public opinion for a year-end announcement that in 1971, for the first time since the end of the war, there has been no growth at all in the GNP. Earlier this month Signor Antonio Giolitti, the Budget and Planning Minister, made a cautious statement to this effect. Unemployment is rising throughout Italy. Industry and the services are no longer able to absorb the flood of men and women who want to escape from the country's overcrowded and backward agriculture. Government finances are in a very difficult situation. Inevitably, in the circumstances attention and funds for Sardinia are declining.

Untouched heart

They are capital intensive enterprises and have generated jobs. The medium and all downstream enterprises which they had been expected to give birth to have failed to materialise. The island's two towns of Sassari and Cagliari have benefited, but the heart of Sardinia has hardly been touched. Sassari and Cagliari have grown further, but urbanisation is creating more problems than it is solving. Immigration, the flight from Sardinia to the Italian mainland and to Western Europe in the

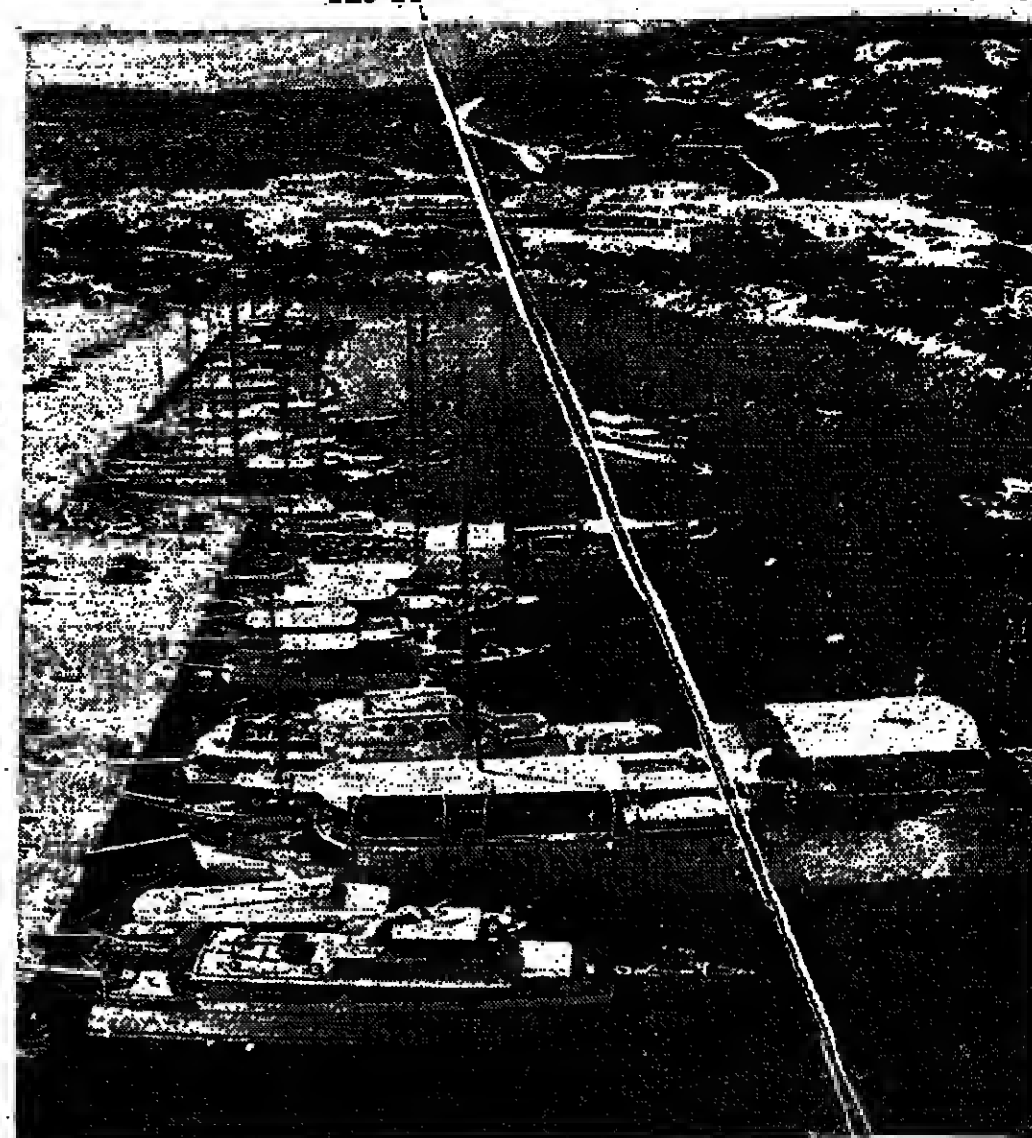


the village of Orgosolo (which has an unenviable reputation for being the "capital" of the brigand area) day-tourists who are spending their holidays at the Aga Khan's Costa Smeralda, the Charles Forte Village or one of the other beach resorts and who no doubt dream of a thrilling encounter with a rifle-carrying brigand in real life to be able to tell their friends about when they get back to Düsseldorf, London, Milan or New York.

President Nixon's new duty on imports has come as a grave blow to one of Sardinia's few exports, pecorino hard cheese. Despite Italy's recession and the loss of value of the dollar (even though the revaluation of the lira has been contained at little over 2 per cent in its exchange rate with the dollar, whereas it has undergone a devaluation in its rate with the West German D-Mark), tourism is the only Sardinian activity which is booming. But it concerns only a strip along the coast of Sardinia and only lasts three or at most four months in the year.

But the success of tourism, while all other types of development are flagging, is strengthening what is almost a nightmare for many sophisticated Sardinians. It is the fear that their island may be destined to become another Corsica. The neighbouring French island (which is much smaller than Sardinia) is considered a sort of pre-graveyard, almost exclusively populated by Corsicans who, having reached the age limit in the French bureaucracy on the French mainland, have retired to Corsica on their pensions. It is seen as a sun-baked cemetery, which comes to life for a few summer months as an holiday playground.

Is this fear justified? There is little doubt that nature has



Yacht Harbour at Port Cervo, Costa Smeralda.

PROVINCES OF SARDINIA

	Area, m. acres	Population
Cagliari	2,297,000	610,000
Sassari	1,858,000	402,000
Nuoro	1,797,000	284,000
Total	5,952,000	1,416,000

to be a very poor quality lignite, which was not worth digging out. The other mineral deposits were no better and the miners had to be dismissed.

A bright Sardinian entrepreneur dreamed up a plan to build a giant thermoelectric generating plant to be fired by Sardinian lignite, and the Government was persuaded to put up the money for what became known as the "solid gold" electric plant. Millions of pounds were sunk on developing the coal mines to meet the expected requirements of the plant. With the nationalisation of power in 1962 it was dropped into the lap of the new Enel electricity authority. Nowadays, it runs on fuel oil and is an asset for Libya, from where the oil is imported, not for Sardinia. An equally unrealistic project

is now being developed by the same entrepreneur, again with money put up by the Italian taxpayer. It provides for the production of aluminium, even though Sardinia will have to import the bauxite, produce the power required from imported fuel oil and export the aluminium. The idea is that the lack of any of the natural resources required—cheap power or bauxite deposits—can be offset by an outright grant by the central and regional Governments of the initial capital outlay.

But just as the inland heart of the island is hardly aware of the tourist boom along its coast line, so it has hardly been touched by the industrial complex, which are also in the coastal areas. The interior of

Continued on next page

THE GIANT'S THIRST IS QUENCHED



A petrochemical complex spread out over 4 million square metres, with seven thousand employees is without doubt a giant which demands a lot of soft water.

But if this complex, situated in an area poor in water supplies, where water cannot be taken away from agricultural and town consumers, must develop further due to market dynamics, it runs the risk of being a perennially thirsty giant.

However with the help of the sea and the ingenuity of man, the problem can be solved to the great advantage of all concerned.

At Porto Torres, the first line in a sea-water desalination plant, studied and planned by the S.I.R. with their own patents, has just come into operation.

This plant, which has a capacity of 2 million litres an hour of desalinated water, is the first of such a large scale to have been completely conceived and realized by Italian engineers.



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SARDINIA II



Procession in the street in Stintino.

Handicaps of history and nature

AT THE end of the war, in 1945, Sardinia did not receive the best or even the average civil servant, policeman or officer, apart from a few Sardinian officials and really dedicated non-Sardinians.

The Italian attitude towards Sardinia can be explained, if not justified, by the island's isolation before air travel, by the frequency of malaria in many areas before the malarial mosquito was stamped out by an OEEC campaign after the war and by Sardinia's uncertain conditions of public safety and law and order. Although it is an island with over 1,000 miles of coastline, Sardinians have never been a sea-faring people. The sea has always been the cause of trouble for them, the source of wave upon wave of foreign and hostile invasion and conquest, from the Phoenicians to the Romans, Arabs, Spaniards and Piedmontese. The only successful Sardinian defence against them up to 50 years ago was the island's lack of roads, safe harbours and the rugged, inaccessible character of its mountainous terrain. Until recently sheep raising was Sardinia's main economic activity. Even now the island has about 2.6m. sheep, of which about 1.2m. are in the central province of Nuoro alone.

Royal rank

Sardinia's case was different. He only thing it had in common with the three other rears was resentment against Italy's central Government. Although it is considered part of the "Mezzogiorno", Italy's south, Sardinia had not belonged to the Bourbons. In 1720 it had passed from the hands to the House of Savoy, and Victor Amadeus II of Savoy added it to his Piedmontese dominions, becoming King with the title of King of Sardinia. But even though the Savoy owed their royal rank to the island—Piedmont and the province of Savoy had not carried such a title—they considered the island little more than a colony.

This mental attitude was passed on to Italy's Government after national unity between 1860 and 1870. Sardinia became the bugbear of Italy's civil service, police and army. A notion to Sardinia was one of the most common disciplinary measures or threats. In the circumstances it is obvious that

America and have carried with them their instinctive ability to the sanctity of cattle property. To this day a large part of the American criminal underworld is controlled by Sicilians, and the links between the underworlds of the U.S. and of Sicily are as strong as ever. Italy's last 25 years of Parliamentary politics have given many Sicilians a superb opportunity to develop their talents in Rome and continental Italy, almost as much as in Sicily itself.

Dour people

Sardinians are a barmy, dour people, and when they leave their island to seek work elsewhere most of them carry with them a longing to return to it. They have little natural talent for intrigue, with the result that Sardinia has become Italy's political Cinderella. Since the war they have produced only one nationally prominent politician, the former President of the Republic Signor Antonio Segni, who had a stroke in 1964, from which he has never recovered. It is probably not a coincidence that Sardinia's "rebirth" plan was approved and financed by the national parliament in the 1950s; when Signor Segni was one of most influential politicians in Italy.

Until 1820 all the grazing land was common property and the herdsmen were free to roam almost all over the island with their flocks. In 1820 the Government of Piedmont ruled that anyone who could show a title to property of any kind could enclose the land and demand the payment of grazing rent from the herdsmen. This move came as a grave blow to the sheep raising economy of the island, and resentment for its introduction is still strong, particularly since so much land was enclosed on extremely flimsy and debatable evidence of ownership.

Resentment against Italy's national Government and lawlessness were the only features Sardinia and Sicily had in common. But even Sardinia's form of lawlessness is different from Sicily's, just as the Sardinian character is different from the Sicilian one. Sicily is the biggest island in the Mediterranean and its population is more than three times that of Sardinia, which is very thinly populated. For a hundred years Sicilians have been emigrating to

What is planned to be Sardinia's biggest single industrial development project is already under way. This is a vast petrochemical and textile complex, which is being built at Ottana, a desolate little village (population 1,800) in the centre of the island in a wide valley overshadowed by the Gennargentu mountains. It is aimed at the herdsmen of Barbagia, at providing an opportunity for them to do something different from sheep raising and thus become integrated into a 20th-century society. Its cost is estimated at £40m, which by the time the complex is completed is likely to be nearer £80m. The hope is that where machine-guns, helicopters, police dogs and heavily armed posse have failed, economic opportunity will succeed.

A committee of Italy's national parliament has been conducting an inquiry into the causes of Sardinia's brigandage. It is about to submit its report. In Sardinia it is hoped that brigandage is due to lack of economic opportunity and to recommend that the allocation of another £275m. will damage the backward "rebirth" plan.

steal his flock back. However, the sanctity of cattle property enjoys the fullest protection of the Italian law. A herdsman identified as a sheep thief automatically becomes a wanted man, liable to a sentence of several years in jail. "In for a penny, in for a pound" appears to be the outlook of the wanted herdsman, who once he becomes a hunted man for sheep stealing turns brigand.

But the days of Sardinian brigandage are numbered. There still are about 50,000 herdsmen in the Nuoro province, but it is a hard life and most young Sardinians are unwilling to start it. They prefer to emigrate rather than to follow in their father's footsteps. Statistics seem to indicate that the growth of industry and tourist activities along the coasts of Sardinia have had little effect on the conditions of the sheep raising centre. But this is probably not entirely true.

Furthermore the social and economic backwardness of the Nuoro province will soon be shattered by a vast petrochemical and textile complex and by other industrial developments in the still desolate Tiroso valley, at Ottana, a village which now has a population of only 1,800. Bulldozers and other earth moving equipment have been at work at Ottana for more than a year and a half. By 1973 the complex will come on stream, and its manpower requirements are expected to drain the whole of the Nuoro province. Nomadic sheep grazing, and the form of brigandage it produces, cannot be reconciled with clocking into a factory every morning. By the 1980s the recollection of Sardinian brigandage is likely to be little fresher than that of the highwaymen in England or of the cattle rustlers of the far west. This does not mean that Sardinia will have no criminals. It only means that they will be different from what they are now.

"Brigand shows"

The little town of Orgosolo, to the South of Nuoro, which at present is still the capital of the brigand area, will probably have to "organise" evening "brigand shows" for tourists with factory workers hastily changing their blue overalls for the weather-stained brown corduroy costumes and leather gaiters of the herdsmen of the 1960s.

The basic problem for Sardinia now is that of persuading Italy's national parliament to allocate more funds to push ahead with the development of the island. It will not be easy because of Italy's current economic conditions and Sardinia's lack of a political "guardian angel." Furthermore the "regionalisation" of the whole of Italy (last year regional autonomy, although to a lesser degree than that enjoyed by the first "extraordinary statute" regions, is weakening the "extraordinary statute" ones; that is to say Sicily, Sardinia, the Aosta Valley, the South Tyrol and Trieste Venezia Giulia. Almost all the new regional authorities are getting ready to offer incentives for new enterprises not much smaller than the ones previously offered only by the underdeveloped Mezzogiorno regions.

In January next year Italy's fiscal reform should come into effect. With it the special right of Sicily and Sardinia to register stock companies with bearer shares will cease. Like those in the rest of Italy Sicilian and Sardinian companies will only be able to have nominative shares. With the issue of bearer shares the two islands had become tax havens of a kind, so there is reason to fear that Italy's "regionalisation" opportunity and to recommend that the allocation of another £275m. will damage the backward "rebirth" plan.

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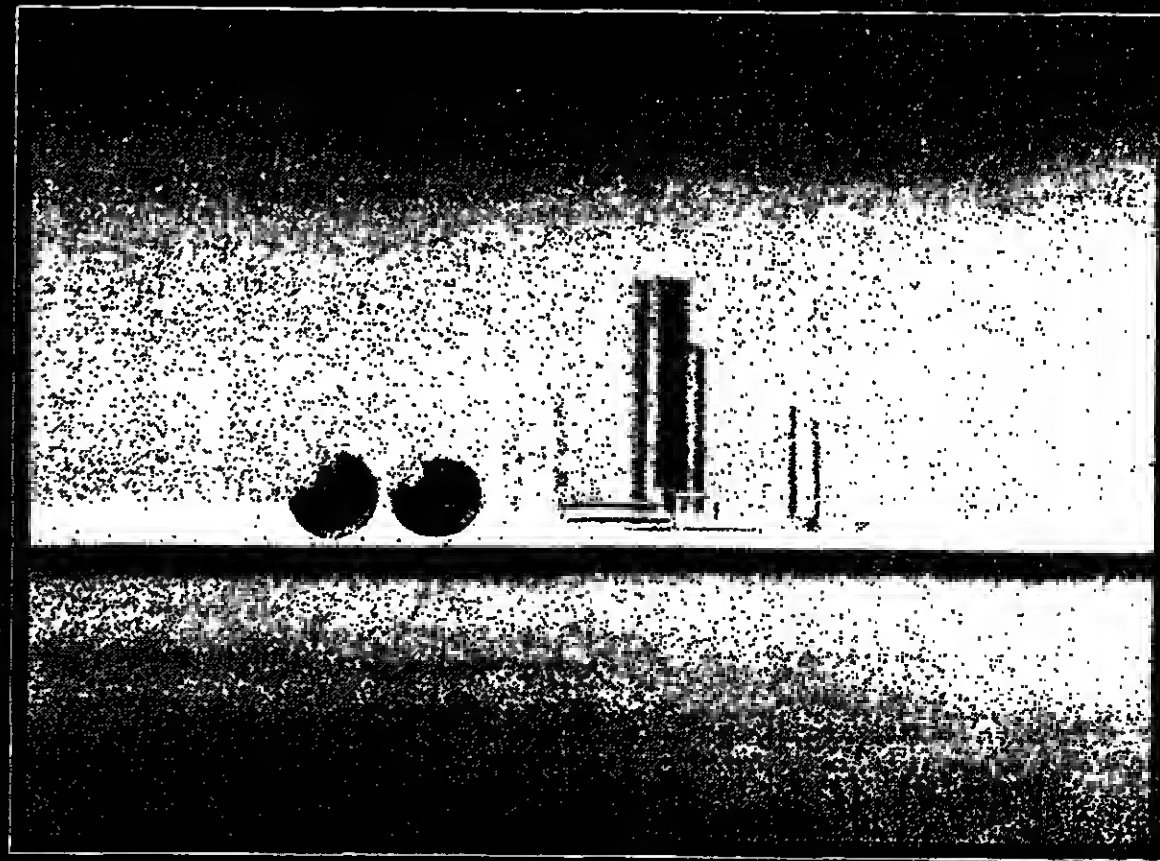
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THE GREAT OIL ROADWAY IN THE HEART OF THE MEDITERRANEAN

There is a spot in the Mediterranean where, in 1970, 12 million tons of crude oil were refined, creating an absolute record in Italy. This happened at the SARAS Refinery, located in Sardinia, where every day oil tankers from all over the world unload crude oil of every type, and load finished and semi-finished products. For the oil refining industry of Sardinia, this is a promising success story. Based on

modern business principles and on technical efficiency in all steps of production processes, from the arrival of the crude tanker on port to the shipping of finished products. At SARAS, the tankers are welcomed at Porto Fom, and are berthed at the major terminal, which consists of a ferry and a steel platform, the so-called "oil side of island". The complex has been designed so that loading and unloading operations are carried out in the best

possible time. SARAS' productive capacity is consistent with a new distillation unit (160,000 and 200,000 BPSD, equal to 18,000,000 tons per annum), nine further process units, and a tank farm with a total capacity of approximately 5,000,000 cubic metres. This makes the refinery one of the most important in the Mediterranean. This explains why this young Sardinian industrial centre succeeded to reach in such a short time

a leading position both nationally and internationally. Such a position can help to attract and stimulate to arrive for further improvement in the service of the Italian oil industry of tomorrow.



Still waiting—(Cont'd.)

Continued from previous page he island, which is covered by the province of Nuoro, Sardinia's third town, is known as "Barbagia". This comes from the name of "Land of the Barbarians" which was given to it by the Romans when they first attempted to conquer Sardinia in 230 BC. They failed to conquer and colonise Barbagia, just as all those who followed them up to 1971 AD have failed, if not to conquer it, at least to integrate it with the rest of the island. Even now the barbaricini, the population of "Barbagia", consider the laws and the administration of justice of Italy something strange, superimposed on them, and towards which they have no moral obligation. The only laws they recognise and abide by (apart from fear of reprisals by the police and the troops) are those contained in their own unwritten code, the police barbaricina, which has been handed down from father to son for hundreds of years. This applies not only to the nomadic sheep herdsmen of the province of Nuoro, but, perhaps unconsciously, also often to educated and sophisticated barbaricini as well.

The province of Nuoro has a population of 282,000, covers an area of a million and a half

acres and has 1.2m. sheep. It is one of the most thinly populated areas of Western Europe and also one of the wildest and most inaccessible ones.

Sheep raising

It includes the Gennargentu group of mountains. Sheep raising is its main activity. The barbaricini herdsmen ("shepherd" gives the wrong idea. The herdsmen of Barbagia have nothing to do with the concept of gentleness which the word "shepherd" conjures up) are nomads and are away from their homes for most of the year. In spring, they lead their flocks up to the mountain summer pastures and in autumn bring them down again to the winter ones. They sleep no more than a few nights in the year at their homes. Their customary beds are made of freshly cut branches and leaves covered by sheepskin blankets. Often they do not see another human being for weeks on end.

It is they, who produce the outlaws and brigands of Sardinia. Often some of them are wanted by the police for a crime which is not considered a crime at all by the barbaricini code. They then enjoy the help and tacit support of the entire population of Barbagia and are

able to stay at large for many years and even visit their homes regularly.

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SARDINIA III

Industrialisation's mixed blessings

Petroleum refining and petrochemical industries have become the backbone of Sardinia's industrial development. This has not come about as the result

of a deliberate choice. They are capital-intensive industries and provide little employment, a system which, given the option, Sardinia's economic planning body would not have welcomed.

The petroleum and petrochemical industries have been sited on the northern coast, near the town of Sassari, and on the southern coast, near Cagliari. They have been largely responsible for the growth of Sardinia's gross product. But they have also caused increased

unemployment and a widening of the social and economic gap between the two urban centres of Sassari and Cagliari and the rest of the island, which depends on agriculture, particularly the central Nuoro province.

Natural talents

The discouraging atmosphere which is beginning to prevail in Sardinia's economic planning circles is probably not entirely justified. If the targets which were set ten years ago have not been attained, it is largely be-

cause they were over-optimistic and failed to take into consideration adequately the natural vocations of Sardinia, and the natural talents—and shortcomings—of the average Sardinian and the time it takes for enterprise and an inclination towards initiative and promotion to replace centuries of torpor.

Although Sardinia's planners may not be bubbling over with enthusiasm, petrochemicals have become the island's main industrial activity. In fact it is on a new giant petrochemical complex in the very heart of Sardinia, at Ottana in the province of Nuoro, that the hopes of the backward, agricultural centre of the island are pinned. Ottana is a village in the wide valley of the river Tisro in the shadow of the wild Gennargentu mountains. It is the sheep grazing area. It is also the area of the brigands whose hide-outs are in the mountains.

The Ottana project is based on a petrochemical plant to be called Chimica del Tisro. Downstream there will be a yarn plant called Fibra del Tisro and a textile plant called Sartex. The basic petrochemical plant will be owned 51 per cent by Eni (of the Eni state-controlled oil corporation) and 49 per cent by Montedison. The fibre plant will be 51 per cent Eni and 49 per cent Chatillon (of the Montedison group). Sartex will be owned in equal shares by Lane Rossi (Eni group), Chatillon (Montedison) and Sna Viscosa.

The Ottana development area will also include a company called Metallurgica del Tisro, which will be Italy's first plant for the production and processing of titanium, with Soviet licences and know-how. The Ottana industrial area will be completed by a smaller chemical plant called Intersol.

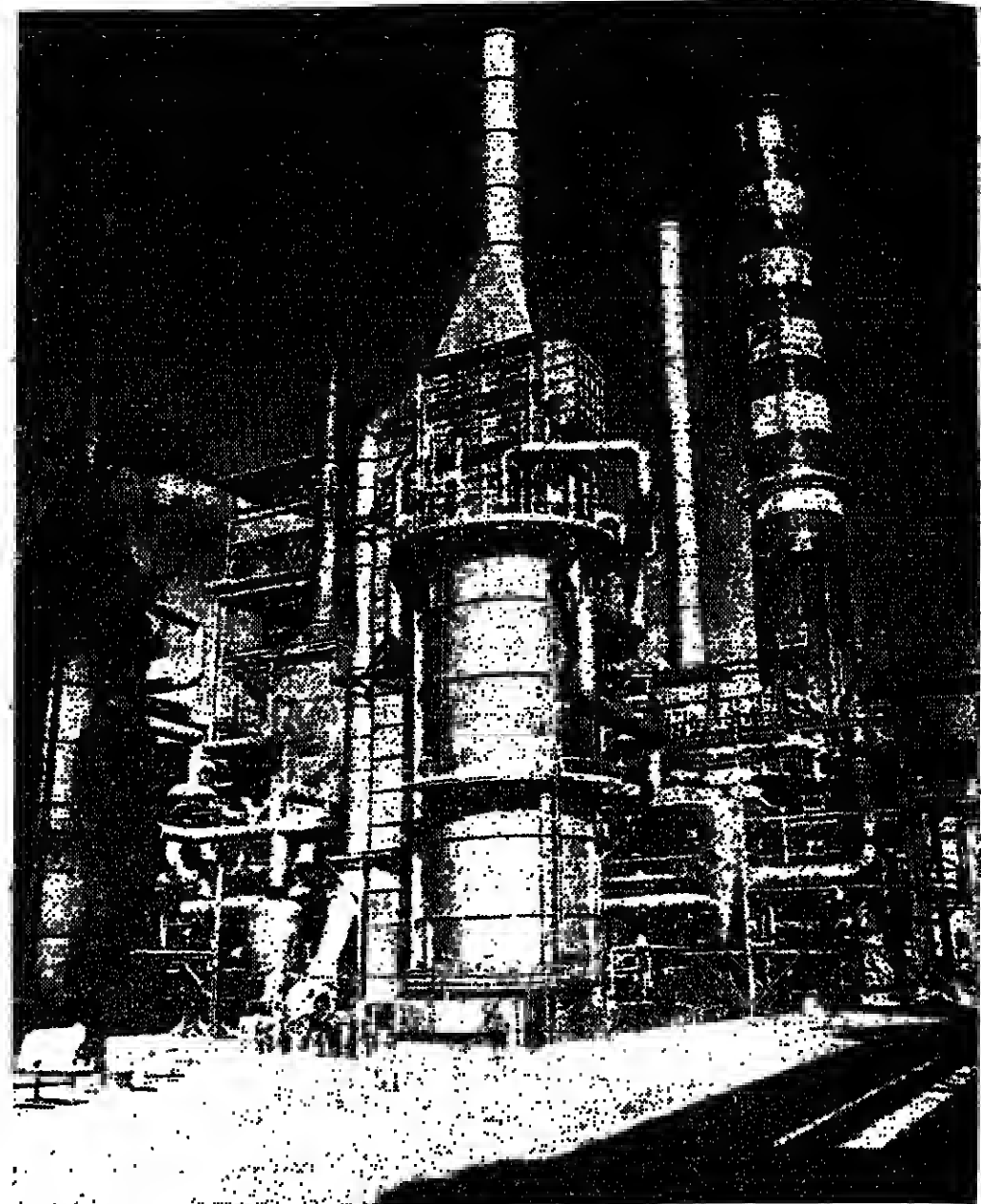
By 1973 the Chimica del Tisro will come into production. The five plants will employ 7,350 men and women. The total investment has been estimated at about £216m., but will almost certainly end up by exceeding £300m. The creation of each job at Ottana will cost about £30,000: the price to be paid to break the isolation of Nuoro's sheep-grazing society is a high one. The Ottana project is not without critics, who claim that a much smaller investment in other fields could achieve better results in the creation of new jobs. They also point out that this is hardly the time to expand the textile industry.

Raw material supplies for Ottana, mainly crude oil, will have to come from the coast and a pipeline from the Cagliari area will probably be required. At present Ottana still is a little village, but a mile from its curb power bulldozers are hard at work and cement is being poured in laying the foundations for the Chimica del Tisro plant. Ottana itself will obviously grow almost overnight to at least ten times its present size. But the plan is to avoid settling at Ottana the families of all the men and women who will be working there. The Ottana plants are expected to give work to people within a radius of 40 miles by coach. They will be brought in to Ottana in the morning and taken back to their home towns in the evening.

Third largest

However, there are fears that all this, although it may read well on paper, will not work out in practice and that Ottana will grow suddenly into an industrial urban monstrosity, become Sardinia's third largest town, after Cagliari and Sassari, and dwarf Nuoro, in the province of which Ottana is sited, into insignificance. If this were to occur the problems which would arise might be even greater than the ones the whole project is designed to overcome.

At present Ottana's only claim to importance is its beautiful 11th century Romanesque church. A few hundred years ago Ottana was the seat of a bishopric, but its population was wiped out by malaria and the bishop moved his seat to Nuoro. To-day the distant roar of bulldozers can be heard from the steps of the church and a survey for an airport has started. The sleepy little village is not yet really aware of what is about to happen to it.



Power station and preheating units of the S.I.R. petrochemical plant at Porto Torres.

THE OTTANA INDUSTRIAL DEVELOPMENT PROJECT

Company	Production envisaged (tons per year)	Investment (millions of lire)	Employment offered
CHIMICA DEL TISRO 51% Eni 49% Montedison	50,000 tons a year of terephthalic acid	80,000	manual clerical 600 100
FIBRA DEL TISRO 51% Eni 49% Chatillon	acrylic fibres polyester fibres 50,000 60,000	176,000	manual clerical 3,500 300
SARTEX Lane Rossi Chatillon Sna Viscosa	cotton yarn wool yarn fabrics knitwear 3,000 4,000 3,000 3,000	50,000	2,500
METALLURGICA DEL TISRO	1st plant: titanium castings and alloys etc. 2nd plant: titanium and alloy ingots, welded pipes 3rd plant: processing rare earths	6,000 6,000	manual technical managerial manual technical 450 20 70 150 10
INTERSOL	tetrahydrofuran maleic anhydride 5,000 1,000	4,500	150
TOTAL		325,000	7,850

Agriculture falls short of target

The target set for Sardinian agriculture in the region's five-year plan (1965-69) was a 5 per cent annual rate of growth in the market value of the crops produced. The number of men employed in agriculture—about 137,000 in 1964—was expected to increase very slightly. At the end of the five-year period the pro capita gross product was expected to have increased by over 25 per cent. Sheep and cattle raising was to have brought about the overall growth in agriculture, together with a high rate of growth in horticulture. The growth of Sardinia's agriculture was to have been achieved by irrigation and improved methods of sheep and cattle rearing in contrast to the nomadic grazing which characterised the island at the start of the plan.

Unfortunately the objectives of the plan have not been realised. In fact achievement has fallen far short of the plan's over-optimistic objectives. In particular, the total number of head of cattle and sheep has declined rather than grown. The share of the regional income secured by Sardinia's farmers and peasants is even smaller than before the plan started and the rate of growth has been less than 2 per cent. Agriculture's share of the gross regional product has declined from about 26 per cent to about 20 per cent.

Planning failure

It is difficult to allocate the blame for this failure. Basically it is probably due to the failure of economic planning on a national scale in Italy, and therefore, inevitably, also in Sardinia. As in Italy in general the public sector has done little more than pay lip service to the objectives and timing of the plan.

A recent study produced by the Regional Planning Centre called "Sardinia, options for the seventies," says: "The agricultural sector has ceased to be the focal point of regional development both owing to the intervariations within the system in



Market at Alghero.

AGRICULTURAL OUTPUT IN 1970

	tons
Wheat	123,270
Grapes	336,460
Olives	71,110

growing into settled grazing on ownership. One of the results of the 1820 law, enclosing what until then had been considered common land, is the breaking up of land property, through inheritance, into excessively small lots. The Sardinian character does not lend itself to the establishment of co-operatives among peasants for the purpose of grouping together a number of smallholdings to be managed efficiently as one large estate. A few years ago a major American cattle-raising company was established in Sardinia. Continued on next page.

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ENTE MINERARIO SARDO

ENTE MINERARIO SARDO (E.M.S.) was set up in 1968 as part of a plan for the industrial development of Sardinia to use and develop local resources as well as give maximum employment in order to face the very adverse situation and the crisis to which the mining sector of the island has been subjected from time to time.

The mining industry in Sardinia has, in fact, been characterised in the last decade by considerable slackening in production and employment. The production of concentrates in particular decreased by 24% from 1,500,000 tons in 1961 to 1,140,000 tons in 1970, whilst the number of employees decreased by 40% from 9,900 to 5,900 persons. However, on a national scale, in the same decade, productivity remained at the same level whilst employment rose by 3.7%.

But the decrease in production and employment was not the cause for an increase in productivity: neither was this due to a fall in demand; demand has in fact risen between 1961 and 1970 to such an extent that imports of metallic and non-metallic minerals (excluding petroleum products, scraps and mining equipment) increased in value from Lit. 124,000 m. in 1961 to Lit. 237,000 m. in 1970. And, finally, the price of minerals was maintained despite deflation, thus emphasizing the weak point of the Italian mining industry, particularly as regards Sardinia.

This is due to the very notable rise in product costs compared to their effect level as well as to the lack of adequate management as regards complementary operations and insufficient, or even non-existent, processing industry. In order to face such a situation, and taking into consideration social and economic factors, the regional authorities have promoted E.M.S. as a Public Financial Institution to carry out research on the geological structure of Sardinia, and have entrusted the Extraordinary Research Programme to ascertain the mineral potential in order to carry out first the extraction and processing, then the finishing and finally the marketing of the products.

Besides the research policy, the Ente carries out long and medium term programmes completed according to various requirements:

(a) Acquisitions under public control of mines with greater economic and social importance (lead, zinc, baryta, fluorine) which ensure the maintenance and the development of productivity and employment.

(b) Vertical production, with unitary management for the whole mining sector from research to extraction and up to the last processing stage; the manufacturers' products thus allow for competition and profits which cannot always be found in research and extracting phases.

In short, the Ente's role can be seen in its important and constant intervention, also through associates, in the sectors which have most undergone recession and aims to safeguard employment and production by setting up new companies or taking a shareholding in existing companies, to promote the industrial activities in the sectors in which there is the greatest potential for productive investments and which are economically valid. In this respect, it is significant to mention that in the still brief period during which the Ente has been active, there is already some evidence of recession curbing and in some cases significant recovery abating an overall revival in the mining industry. Meanwhile, it is also interesting to make a factual appraisal of the sectors in which, until now, the Ente's activities have resulted in concrete developments.

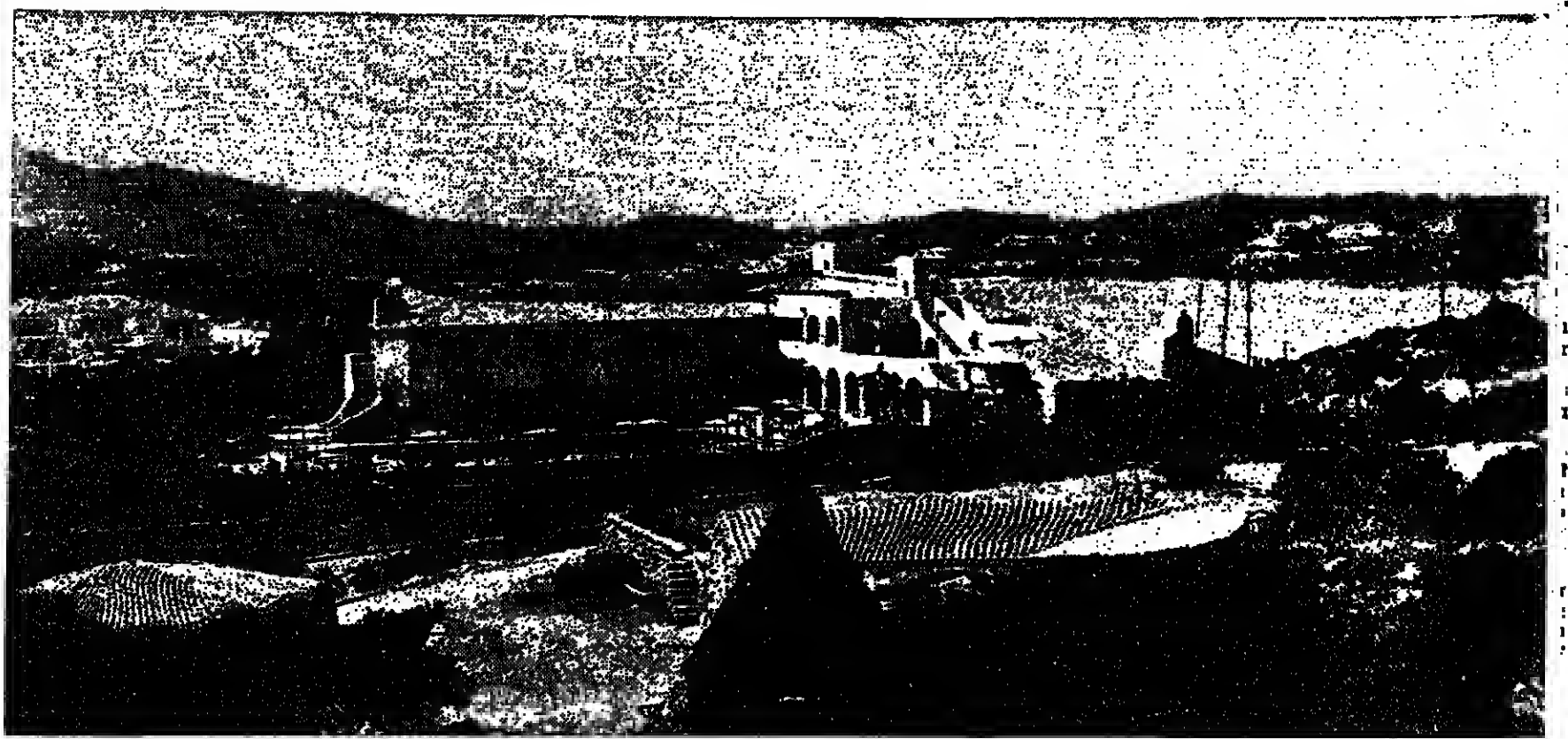
In this respect, and as regards a policy aimed at achieving immediate results as well as long-term projects for subsequent development, the Ente's initiatives in the lead-zinc sector will be noted for its preponderant quarrying industry (183,000 tons of concentrated metal and 90,000 tons of metal in 1970) and for its numerous possibilities of a diversified range of manufacturing industries, in the sectors of Barium oxide and fluorine which are very much in demand by the same foreign markets for growing use in industry, and whose local production (respectively 164,000 tons and 130,000 tons in 1970) represents 80% and 80% of the national output and were destined, until this day, almost totally for export to the U.K. and the E.E.C. countries; and finally in the sector of ornamental stones, particularly marble and granite (54,000 tons) in which the Ente intervened because of the abundance of raw material which has not yet been adequately exploited because of the equally favourable prospects of export and the low profitability between investments and employment, in the quarrying stage as well as in successive stages.

In conclusion, whether as a research policy or whether as an entrepreneurial intervention, the Ente's activities lie in a vast economic horizon, whose fundamental aim is to seek a new balance which whilst overcoming short-term projects concerned only with mere profit, lead, as foreseen by Lord Beveridge, to put capital in research of labour and not the contrary.

SARDINIA IV



Grape harvest.



New Tennis Club at Porto Cerva, Costa Smeralda.

Wine industry seeks wider recognition

RAYMOND BAKER

Cagliari in mid-October the temperature is apt to be between 75-80 degrees Fahrenheit. It is also vintage time and today Sardinian wine-growers are conscious of having overcome the special problems involved in producing first-class wine in a hot climate.

Sardinia is very much in the Mezzogiorno, at a latitude just south of Naples. Grapes which are ripened too close to the ground become too sweet and are unsuitable for table wine. Indeed, sometimes they almost become "cooked" before harvesting, producing a slightly burnt flavour. The vines grown in Sardinia used to be for the most part the low *aliborello* vine, which produced sweet dessert wine, but this is hardly cultivated now. Like all producers in Italy, every Sardinian wine grower of any size is acutely aware of the necessity of gaining the prized legal classification of origin known as *denominazione d'origine controllata* (which is really the Italian equivalent of the French *appellation contrôlée* but is in fact slightly more rigorous in its application). The "DOC" is very

much in demand because it is an indicator of quality. It has been applied with some severity in Sardinia and one of its qualifications is that vines shall not be less than 50 centimetres from the ground or too sweet a grape will be produced. This has virtually put an end to large-scale cultivation of the low *aliborello* vine, which, in fact, only lasted so long because it was used for blending and because it did not need much depth of soil.

Privately owned

The DOC has not yet quite arrived in Sardinia, but it is understood that 15 wines will qualify shortly. As in most parts of Italy, wine in Sardinia is produced in privately owned wineries or, more usually, in a co-operative known as a *cantina sociale*. Wine is often described as *vino tipico* where *tipico* means characteristic of the region—and must be so if it says so on the label. It is surprising that Sardinian table wines are not better known. As table wines they are quite excellent.

One ought not to discuss wine

in a Mediterranean island of which Vecchia Sardegna is probably best known.

Brooding hills

On the main island highway out of Cagliari on the green plain of Campidano, overlooked by brooding hills and mountains, is situated Dolianova, a representative co-operative winery of some size. Using the ancient name for Dolianova on its labels (*Partecolla*), some good examples of Sardinian wine are produced here. Cannonau is a dry red with an agreeable after taste, probably best described as a very good ordinaire. The Nuragus made here is what the Italians call a "fish wine" since it goes very well with fish dishes. Dry, with an appreciable balance of fruit and acidity, it is a very pleasant table wine. An old wine-grower here said that he divided his vines into "wines for every day and wines for Sunday"—a disarming way of discrediting between them. The able prices. Nearly all Italian wine is bottled in Italy, which must affect the retail selling price. There are, however, many Italians, such as the knowledge-

There are a great many wines (more than 40) produced in 37 wineries, both private and co-operative. Some of the best known perhaps are: I Plani (an excellent carafe wine), Cannonau, Malvasia (Malmsey), Giro, Vernaccia (like a good fino sherry), Monica, serra wine, by no means too sweet at about 17 degrees and also four drinkable brandies, of very palatable. There is also a

round, full and pleasant red wine called Monica, also a strong red dessert wine called Giro not unlike port.

The fact that these wines are so little known outside Italy is due to the quite incomprehensible lack of attention to selling and marketing methods on the part of the Italians. Incomprehensible, because everything else Italian, be it shoes, suits, shirts, or motor-cars is sold with great enthusiasm in Britain. Italian wine in Britain, however, has become synonymous with Chianti for too long. However, at last attempts are being made to begin publicising Italian wine in general in Britain in a planned campaign which should rescue this alcoholic Cinderella. However, it is pleasant to record that, owing to the hard work and perseverance of a lone Sardinian wine importer in Britain (Sardinian Wines Ltd.), many of the wines mentioned above are available at surprisingly reasonable prices. The able prices. Nearly all Italian wine is bottled in Italy, which must affect the retail selling price. There are, however, many Italians, such as the knowledge-

able Dr. G. B. Lampani of the times; that Europe's biggest bottles on the shelves of super-markets and self-service stores in Rome, who realise that Italy's wine trade must move with the and sell its wines in upright Portugal.

Agriculture—(Cont'd.)

Continued from previous page

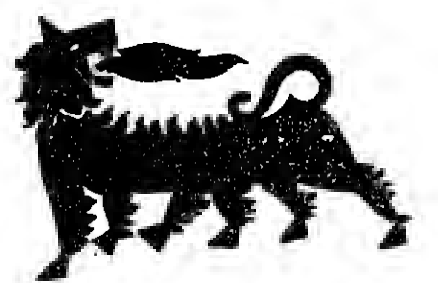
the Aga Khan had to deal with hundreds of small landowners. The average price paid in the end was enormously high for land which previously had little or no market value.

Forest problem

Out of about 5m. acres of agricultural land in Sardinia, about 700,000 acres are forests and woodland. Although saved itself from forest and hush fires. This autumn vast areas instead of being emerald green were black with the charred skeletons of juniper trees and bush. The black will station is the cause of soil erosion and floods, it is still an important objective. Unfortunately it is not an objective that the herdsmen believe in. Their view is that forests and wood-land only deprive their flocks of

grazing land. Forest fires during the summer have become a common occurrence and a terribly destructive one. Fire-fighting equipment and personnel is hopelessly inadequate in Sardinia. This summer alone several thousand acres of forest and bush were burnt down. Irreplaceable oak forests, and juniper trees were lost. Not even the "Costa Smeralda" saved itself from forest and hush fires. This autumn vast areas instead of being emerald green were black with the charred skeletons of juniper trees and bush. The black will station is the cause of soil erosion and floods, it is still an important objective. Unfortunately it is not an objective that the herdsmen believe in. Their view is that forests and wood-land only deprive their flocks of

ENI



ENI HELPS INDUSTRIALISE SARDINIA

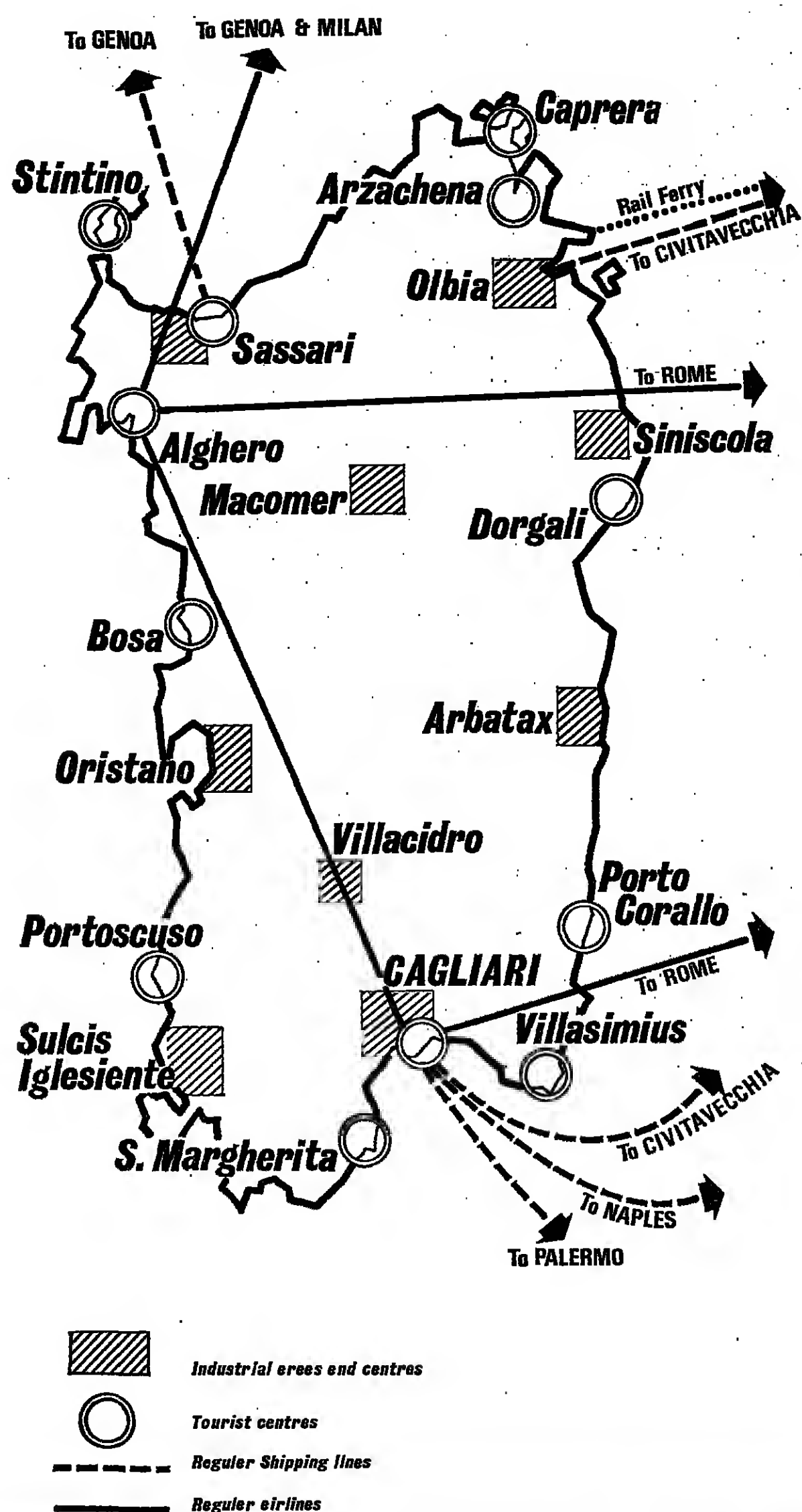
In this depressed area of central Sardinia, ENI will build an industrial complex giving permanent employment to some 7,000 persons.

One sector of the complex will consist of plants for producing annually 55,000 metric tons of polyester fibres, 50,000 tons of acrylic fibres, a large quantity of poromerics and 80,000 tons of terephthalic acid.

A second sector will be devoted to manufacturing goods using part of the products coming from the first sector, and also making finished goods such as garments, knitwear, etc.

The ENI group already operates in Sardinia in the petrochemical sector through the affiliate SARAS CHIMICA, and for many years has been selling petroleum products through 230 AGIP retail outlets. On the Island, also through AGIP, ENI has 4 motels, at Nuoro, Sassari, Cagliari and Macomer.

REGIONE AUTONOMA SARDA



Production:

Agriculture:

High-grade wine
Wheat
Cork
Sugar
Selected rams
Olive oil
Early garden and orchard products
Flowers
Cheese
Artichokes
Green Peas
Red and green tomatoes, tomato sauce and peeled tomatoes

Industry:

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Lead
Zinc
Iron
Coal
Talc
Barium
Fluorine
Kaolin
Printing paper
Synthetic resins
Furfural
Refractories
Insulators
Carpets
Pre-fabrications
All products petroleum distillation machinery for chemical plants.

Handicrafts:

Cloth
Leather
Terracotta
Shoes
Carpets
Fabrics
Artificial yarns
Carved wood
Basketry
Embroidery
Wrought iron
Coral

Benefits for new Industries

- Incorporation
 - Long term financing at reasonable rates
 - Contractually stipulated taxes
- The industrial areas and centres, the highways, etc., are in their entirety taken care of by the State.

IT'S A BARGAIN INVESTING IN SARDINIA

Italy's legislation favouring investments in industry and tourism provides especially favourable conditions and incentives for enterprises in Sardinia.

Further information on business opportunities is obtainable by writing the Regional Office for Industry and Commerce, or for Tourism at Cagliari.

Of course, operators must determine the practicability of the opportunity offered to them. But we believe it is necessary to show them the range of investment possibilities, indicating recent developments that will probably continue in Sardinia's future economic growth.

Regarding this, we believe it is useful to point out the strategic economic role that geography has assigned to Sardinia by situating the island in the centre of the western Mediterranean, very close to the great new petroleum fields Libya and on the sea route to Suez and the Middle East.

The insularity of Sardinia, and its consequent negative effects, have been greatly offset by the rail-sea connections for ferry-boats between Cagliari, Portofino, Golfo Aranci, and by the fast ferries connecting the ports of Cagliari, Portofino, Olbia with all major Italian ports (Genova, Leghorn, Civitavecchia, Naples and Palermo) and soon with Tunisia, Spain and France (Toulon) and Corsica (Bonifacio, Bastia). The airport system has been developed to the stage of guaranteeing Cagliari, Alghero and Olbia with jet connections to all directions and destinations.

The realisation of the importance of Sardinia's strategic economic position has resulted in the decision to study the building of a port at Cagliari specialising in container traffic and to be used as a terminal point for distributing freight throughout the Mediterranean. This container port is planned for one of the basins of the industrial port system to be built in a lagoon near Cagliari. Apart from the special equipment for loading and unloading containers, this area offers almost unlimited flat land for warehouses handling freight and for the breakdown of container loads. The cost of unloading and handling, according to recently completed studies, indicates tariffs competitive with other big Mediterranean ports.

The port terminal, which will handle ocean-going container ships bringing in freight for distribution to other Mediterranean points and taking on outgoing containers, would also fit in with the traffic of the industrial ports and the old commercial ports. Total traffic could reach 6 million tons a year. The sizeable port network offers savings for general services besides for the planned basin and ship repair works.

The development provides all the services necessary in a big port area for any potential industrial activity. Added to the Cagliari traffic must be that of the anchorage at nearby Sarroch serving a refinery whose traffic is more than 25 million tons a year besides 20 million tons of oil. Other opportunities for expansion in the port include commerce, import-export, maritime insurance, etc., by existing foreign firms or to be created with foreign capital.

The presence of sizeable petrochemical industries in Sardinia—SOCIETA ITALIANA RESINE at Portofino, now the third giant in Italy's chemical industry, SARAS and RUMIANCA at Cagliari—indicates great potential developments: for instance man-made fibre productions by SNIA VISCOSA, TESSILI SARDE ASSOCIATE and plastics by the Freob company SELPA.

The agreement between the SARAS refinery and ANIC, the chemical affiliate of ENI, for joint development of SARAS CHIMICA shows the space available for occupation and production of aromatics in Cagliari—Sarroch.

Another big possibility for development is beside the great public metal works at Portovesme: ALSAR, which will produce 100,000 tons of aluminium per year, EUROALLUMINA 600,000 tons per year of alumina and AMMAI will produce with the Imperial Smelting process about 100,000 tons of zinc and lead per year (in a 60/40 ratio). All this potential is backed by a huge supply of energy from the Portovesme thermoelectric complex.

The production of fluorine will be added to aluminium production as in Sardinia there are active deposits of fluorite; first for artificial cryolite and then of fluoridic acid for liquid refrigerants and propellants, also thanks to the local availability of chlorine at RUMIANCA's Cagliari complex.

MINERARIA SILIUS and partners lead in mining and chemical production of fluorine.

Speaking of propellants and referring specifically to the use in missiles of metallic molybdenum and alloys, there is a sufficient availability in Sardinia of molybdenum minerals.

From fluorite to baryta there is an easy shift, keeping in mind that in the mineral field there already exists in Sardinia an international initiative BORDA. The Sardinian company, FERRARA, extracts two-thirds of Sardinia's baryta (over 200,000 tons could be extracted yearly) and is expanding, and planning an investment of Lit. 7 billion (US\$11,160,000) for the chemical processing of baryta, which is open to foreign capital on agreement.

The regional firm EMSA—Ente Minerario Sardo—is interested in the baryta programme. This company acts mainly in the mining and metallurgical field of zinc and lead. Foreign capital (English) also participates in the magnesium sector (extracted from seawater) at Sant'Antioco.

The large supply in Sardinia of bentonite, argil of all types and kaolin, already feeding an important industry for refractories, talcum and peat, together with the great availability of sodium chloride, completes the list of available raw material. In the mining field itself, besides the ancient and large deposits of lead and zinc, prospecting shows the possible availability of tin and bauxite.

With plentiful water supply and a fine climate, it is possible to grow, thanks to cultivation under plastic protection, early fruit, vegetables and flowers. These are already exported in large quantities by air. There is also room for continued investment in food processing and the sales promotion of exceptional wines of high quality and variety which should satisfy a wide range of tastes.

The other vast sector for foreign investments in Sardinia is that of tourism. Significant investments already present include Swiss capital on the east coast of the Gulf of Cagliari, Belgian capital in the south on the Tyrrhenian (Sassari) coast, and the already internationally known Consorzio della Costa Smeralda in the north east developed by the Aga Khan, Guinness and other financiers.

The almost unlimited space available along the coast increases the possibility of obtaining public participation in developing infrastructure and acquiring credits and other benefits for tourism, from public organisations similar to those offered for industrial expansion. The opportunities for foreign capital investment are excellent considering the natural assets of a very good climate and beautiful scenery.

Tourist agencies and companies also can participate without risk, in the benefits of Sardinian tourism by recommending that clients take fast and cheap air flights to the magnificent beaches of the Island. However, on a venture with risk capital, aimed at promoting tourism here, has been undertaken by Fortis Ltd. of England who are in partnership with SAIA, an affiliate of the Italian Bastogi Group, and are building the Santa Margherita Holiday Village set in the beautiful pine forests on the western shore of the Gulf of Cagliari. The village consists of 436 bungalows and four hotels with a total of 1,500 beds (1972: 3,000 beds).

This brief list of opportunities in Sardinia indicates a wide range of enterprises and attractive incentives. Whoever comes to Sardinia with capital, capacity and goodwill will receive a sincere welcome "benvenuto".

Ignazio de Magistris,
Press Agent for the Regional Government of Sardinia.

INCENTIVES FOR INDUSTRY

The State Government and the Regione Sarda have arranged a series of incentives for manufacturers to carry out industrial development in the Island.

This is a series of financial incentives, as well as facilitated loan rates and contributions on capital account; of fixed size incentives; fiscal facilities, discount on railway and sea-transport rates, customs exemptions etc. All incentives are intended to ensure the manufacturer with adequate capital and to relieve him at the start of operations from otherwise burdensome costs.

It would be too long to explain here the contents of numerous national and regional measures planned to promote Sardinian industrialisation.

The Sardinian Credit for Industry (C.I.S.) is qualified to grant financing for the construction of new industrial installations, and for the renewal, the conversion, and the enlargement of existing installations.

The facilitated financing percentage can reach up to 70 per cent of total investment.

For investments of over US\$ 20 million, the financing percentage, on the share exceeding this figure, cannot exceed 50 per cent of percentage granted for the first US\$ 20 million.

The percentage of financing changes according to the location, the field and size of the enterprises.

Rate Facilities

The annual interest rate, inclusive of any additional burden and charges, changes according to the amount of the fixed investment.

The rate is fixed as follows:

- for financing installations and locking up (fixed investment) not over US\$ 10 million: 4 per cent
- for financing installations and locking up over US\$ 10 million: 5 per cent if the enterprise is a recognised priority by reason of size and area; 6 per cent for non-priority enterprises.

Further favourable treatment is reserved for middle and small sized industries (i.e. those industries that have an invested capital not exceeding US\$ 10 million); these can obtain financing not exceeding US\$ 2,500,000, a rate discounted to 3 per cent.

The maximum term for the financing of new installations is 15 years, including a period of 5 years less redemption.

Among financial incentives which deserve special mention are the sinking-fund contributions which allow enterprises to keep high installation costs, in countries not yet self-sufficient.

Contributions are granted by the Cassa per il Mezzogiorno and by the Regione Sarda, the latter with the funds from the Piano di Rinascita di Sardinia, of not over 40 per cent of total expenses for preparing and enlarging industrial installations.

Computers are used to calculate the expense of machinery, equipment, building works and other expenses.

Tax Facilities

Another important series of State incentives allows enterprises to reduce considerably the burden of taxation. It is moreover necessary to consider the regional legislation whose laws provide the following facilities on this subject:

Transferable Shares

According to the regional law of April 12, 1957, n.10, companies within the territory of the Regione Sarda can issue transferable shares for establishing and managing: new industrial and tourist installations and new shipbuilding enterprises for Sardinia, provided that the companies have their Head Office in the Regione territory.

An immunity of ten years from tax on capital, business and wages is applied to industrial profits from the first profit production year of the new industrial enterprise, and reaches the share of profit relevant to trade exchanges.

Customs Immunity

Are free (until December 31, 1980) from any duty: machines, work-tools and building material sent to Sardinia for the production and processing of agricultural products of the Regione and for its industrial development.

Further facilities, particularly important to Sardinia, and considering its geographic nature, are allowed on transportation rates.

SARDINIA VI



A view of Cala di Volpe, a luxury hotel designed by French architect Jacques Couelle.

Tourism the only natural vocation

Sardinia was put on the international tourist map thanks to the Aga Khan and to the brigands. The former's widely publicised discovery of the island's still unspoiled natural beauty and the romantic-sounding deeds (not so romantic for their victims) of the latter proved to be a magic formula. Obviously the Aga Khan could not have discovered the breathtaking beauty of so much of Sardinia's landscape had it not been there. Nowadays tourism on the island is booming, but a little-remembered contribution to it is the post-war campaign by the Rockefeller Foundation which stamped out the malarial mosquito in large areas of Sardinia, rendering development possible.

The island's coastline has a length of 1,150 miles. Some of it is rocky, particularly in the north, and some of it consists of sandy beaches. Almost all of it is beautiful and almost all of it has been sold to developers over the last 10 years. This does not mean that it has all been developed. Hundreds of miles of coastline are still wild and almost untouched by human hand. Even though large petroleum-based industries have grown up in the north, at Porto Torres, and in the south, near Cagliari, the sea around Sardinia is still clean and clear. The Aga Khan's Costa Smeralda owes its name to the emerald green transparency of its water.

Inland the landscape is rugged and wild. The mountains of Gallura, in the north, have strange, dramatic shapes. The wind-eroded granite boulders with which the whole of Gallura is strewn have proved to be a blessing for painters and architects. For many months of the year the scent of wild flowers, juniper, rosemary, Mediterranean bush and sea air is intoxicating.

The sea and the beauty of the landscape nature has lavished on Sardinia have made tourism the island's only real natural vocation. But can tourism, in all its various shapes, provide an adequate livelihood for a population of a million and a half? This is a question which is still being hotly debated in Sardinia. At present jaded holidaymakers, escaping for a few days or weeks from all over Western Europe and the U.S., crowd the hotels, villas and goggling camps of the island for three months a year. During the summer it has become almost impossible to find room on a ship sailing to Sardinia or on an aircraft flying there unless the booking has been made months ahead. The peak season lasts for three months, the good one for four months. It may be possible to extend it to five months, but this is the absolute maximum because of weather conditions. What are the Sardinians to do for the remaining seven months of the year? Is it conceivable for them to earn enough during five months to live for 12?

Won the day

Rightly or wrongly the backers of industrial development have won the day. But the debate is still raging. In comparison with the sums which are being devoted by the regional and national authorities to promoting the growth of industry, those granted to tourist development are little more than the crumbs. Less than a quarter

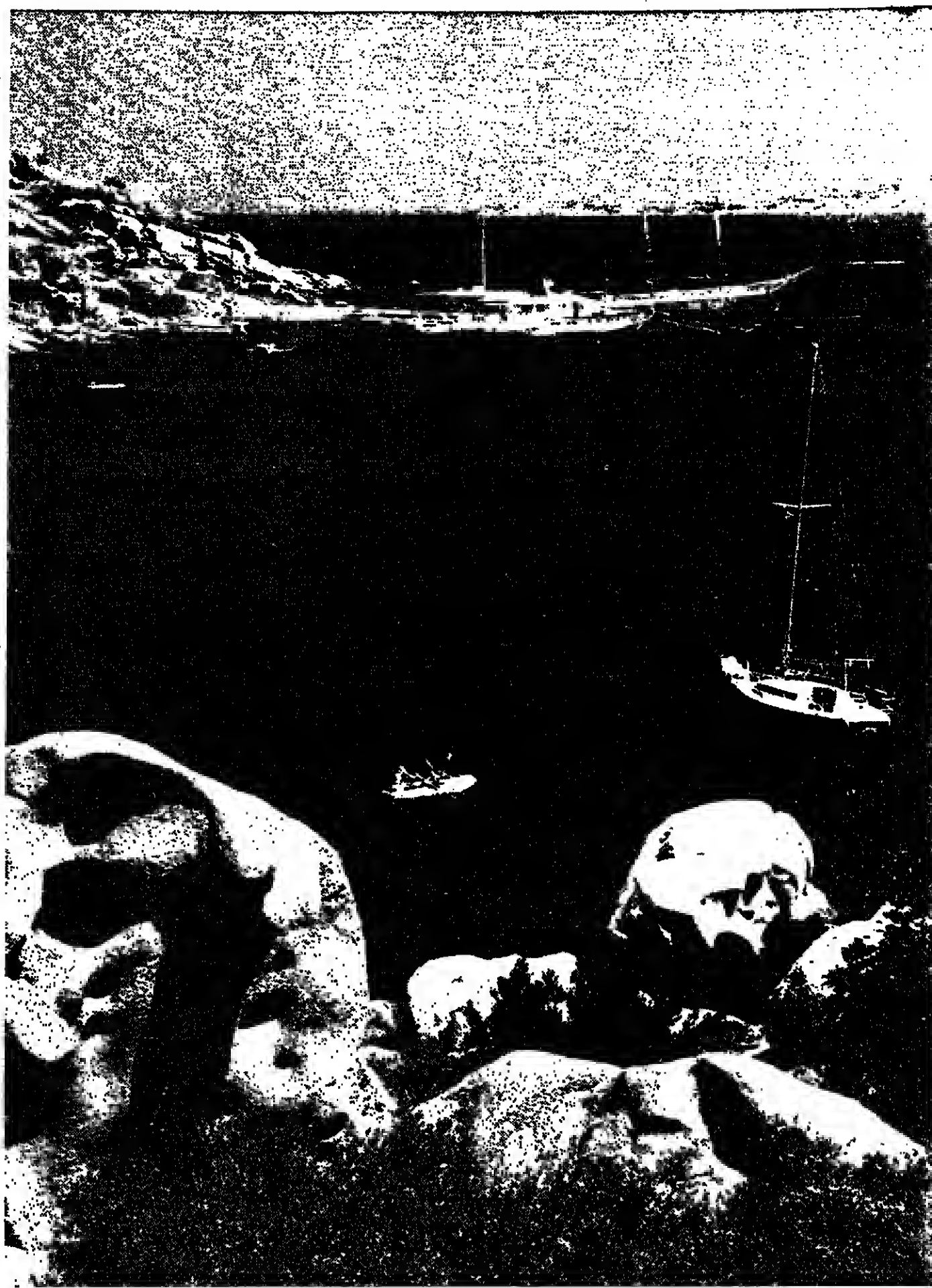
of the sum which is being envisaged for the Ottana industrial complex would be enough to generate in the tourist field at least as many jobs as Ottana is expected to provide.

Unfortunately, complete and reliable figures on the wealth generated by hotel and residential tourism in Sardinia do not exist. The only figures available concern the number of bed-nights spent in the island's hotels (about 2.5m. this year), the number of employees in the hotel trade (about 8,000), the cost of building one hotel room. It is estimated that every three hotel rooms provide one job for a hotel employee. But the indirect benefits provided by tourism have hardly been guessed at. There is also the fear that the choice of industry as Sardinia's main path to development may damage the golden eggs which are being laid by the tourist trade. The main assets of Sardinia's tourism are the natural unspoiled beauty of the landscape, the cleanliness of the sea and of the air. Will it be possible to reconcile them with factories and the urban centres around them? A manager of one of the plants which are being built at Ottana was recently overheard to say "one of our advantages here will be that we shall have a first class river, the Tisro, for the drains of the whole industrial complex." At present the Tisro is one of Italy's few unpolluted rivers.

Sardinia's seaside resorts cover the entire range of tourist

Own villa

But Sardinian tourism is not restricted to the hotels. "Residential" tourism is one of its characteristics. An increasing number of people are building their own villa. The Costa Smeralda, as well as half a dozen hotels ranging from luxury class to just good, also offers villas and flats to the visitor who wants greater privacy and independence than even the best hotel can provide. The Costa Smeralda is endeavouring to rid itself of its "millionaire's playground" label, which certainly produced most of its publicity ten years ago but has now become more of a liability than an asset. Millionaires, the real ones, tend to be very capricious about their play-

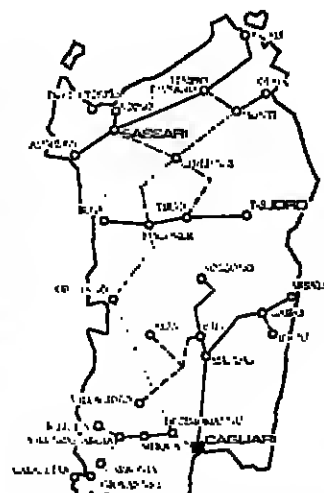


The Porto Rafael Yacht Club and bay.

grounds and rarely favour the same one for two or more years running. Obviously anyone contemplating building a house on the Costa Smeralda should be very popular with his bank manager, but he does not have to be a millionaire.

Another successful development a few miles north of the Costa Smeralda is Porto Rafael. It is much smaller, about 300 acres instead of the Aga Khan's 6,000. Unlike the Costa Smeralda, Porto Rafael has a purely residential character—it has no hotels. Its flavour and background are even more English than those of the Costa Smeralda. The land was acquired and is being developed by a company called Anglo-Italiana. The name of its small

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Gradual decline of mining activity

For many decades Sardinia was thought to be an almost untapped mineral Eldorado. Even now there are a few Sardinians who still think that this is the case and that the island has been kept from becoming a mining paradise by a malicious anti-Sardinian Italian continental plot. Faith in Sardinia's mineral legend was strengthened in the late 1930s by the Fascist regime's national self-sufficiency campaign when textile fibres made from casein were said to be far superior to Australian wool and Sardinia's Sulcis lignite was described in glowing colours as infinitely better than coal imported from Britain. A town baptised Carbonia was founded in the south west to celebrate the region's development of Sardinia's mineral "wealth." At the peak of the boom up to

50,000 people were employed in Sardinian mining. When the Fascist regime collapsed in 1943 Sardinia's mineral myth collapsed with it. Since then there has been no halt in the gradual running down of the island's employment in mining. By 1951 it was down to just over 18,000. At the end of last year it had dropped to 5,864. The bulk of the decline concerned coal (8,905 in 1951 to 1,265 in 1970), lead and zinc (8,125 in 1951 to 3,165 last year). Finally, earlier this year the shareholders of Italy's Montedison chemical and mining group were able to breathe a sigh of relief when the company's biggest financial leak, the Montepont-Montevecchio lead and zinc mines in Sardinia, was at least partly plugged. Two-thirds of Montepont-Montevecchio's equity was taken over by the new regional Sardinian mining body EMSA (Ente Minerale Sardo) and by the national Government corporation AMMI. Montepont-Montevecchio was passed to a company called SOGERSA, of which Montedison retained only one third, the remaining two thirds being held by the regional and national mining bodies.

The Ente Minerale Sardo—EMSA—was established in 1969 to run down the Sardinian mining activities which could not be salvaged, to devise plans for those which looked like having some chance of being

rescued and where possible to develop new mining fields. So far as the Montepont-Montevecchio lead and zinc mines are concerned, EMSA has worked out a plan under which it is hoped to give the mines a new lease of life, even though its implementation will be costly. The plan is to pump out large quantities of water and so lower the floor of the mines, which is now at water level. With the removal of the water new strata of minerals will become exploitable. An investment of about £10m. will be required.

Fluorite deposits

In other areas of Sardinia EMSA has found what look like being important deposits of fluorite and of barytes. Subsidiaries for their development have been established called Fluorosarda and Bariosarda. A promising field of development is that of marble, granite and other ornamental stone. Sardinia is rich in all of them and they are spread all over the island. The Gallura area, in the north, has great quantities of granite. EMSA is planning to put quarrying on an industrial basis, whereas until now it has been mainly an artisan activity.

The gradual closing down of the Sulcis lignite pits was probably the most difficult and painful part of the whole post-war puncturing of Sardinia's mineral legend. Even now, it cannot be said to have been

completed. The burden has been shifted on to Italy's national electricity authority ENEL, and several thousand Sulcis miners, although they are still miners, are listed as "employees of the power industry." They are not included in the official figure of 1,265 coalminers. In the 1950s, as the Sulcis lignite was unusable, a plan was devised to build on the spot a giant thermo-electric station to be fired by it. As the power to be produced would exceed Sardinia's requirements, it was to be linked to the Italian mainland by means of a costly underwater cable to feed the power produced into the Italian grid.

Very large sums were invested in the Sulcis mines to enable them to produce the lignite which would be required by the power station. When all these operations had been completed and the power station started up it was found that the lignite was not even good enough to fire the power station, which had to be hastily converted to fuel oil. At this point, power was nationalised in Italy and the "solid gold" power plant transferred to the new electricity authority together with the mines which were supposed to feed it. As employees of the electricity authority, the miners demanded to be paid as power company employees, no longer as miners, and a platinum coating was added to the cost of the "solid gold" power plant.

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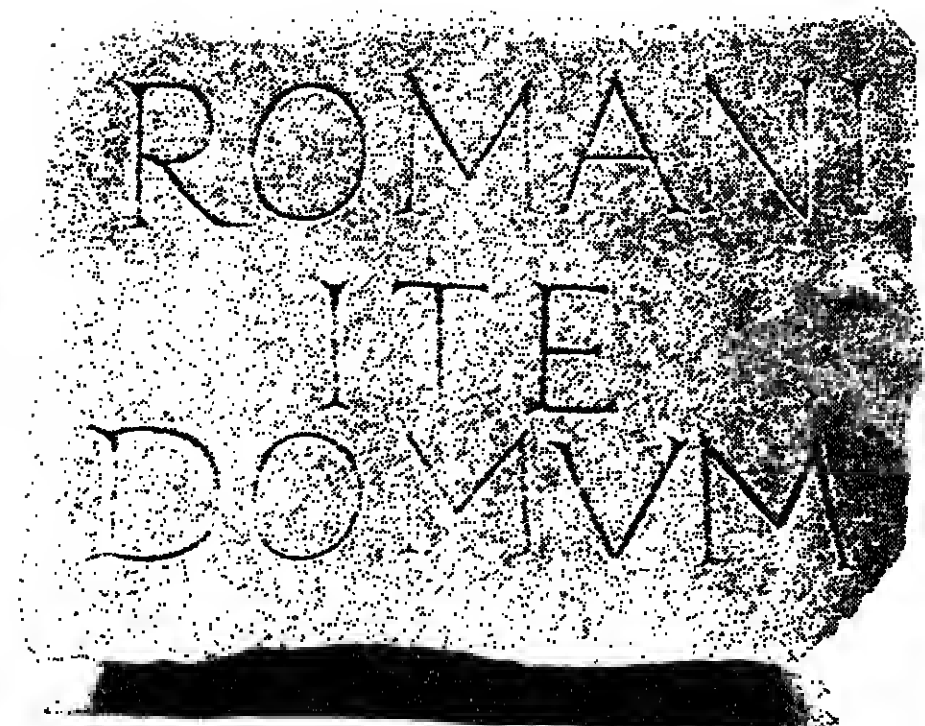
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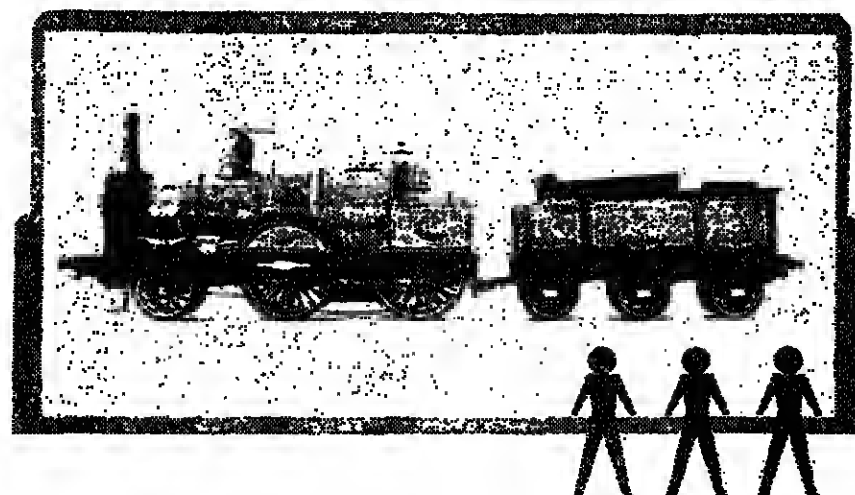


You can talk to her where she shops, on the road into town, in the middle of where she lives. From April 1st, you can buy a Campaign that'll put you bang in the middle of your target audience.

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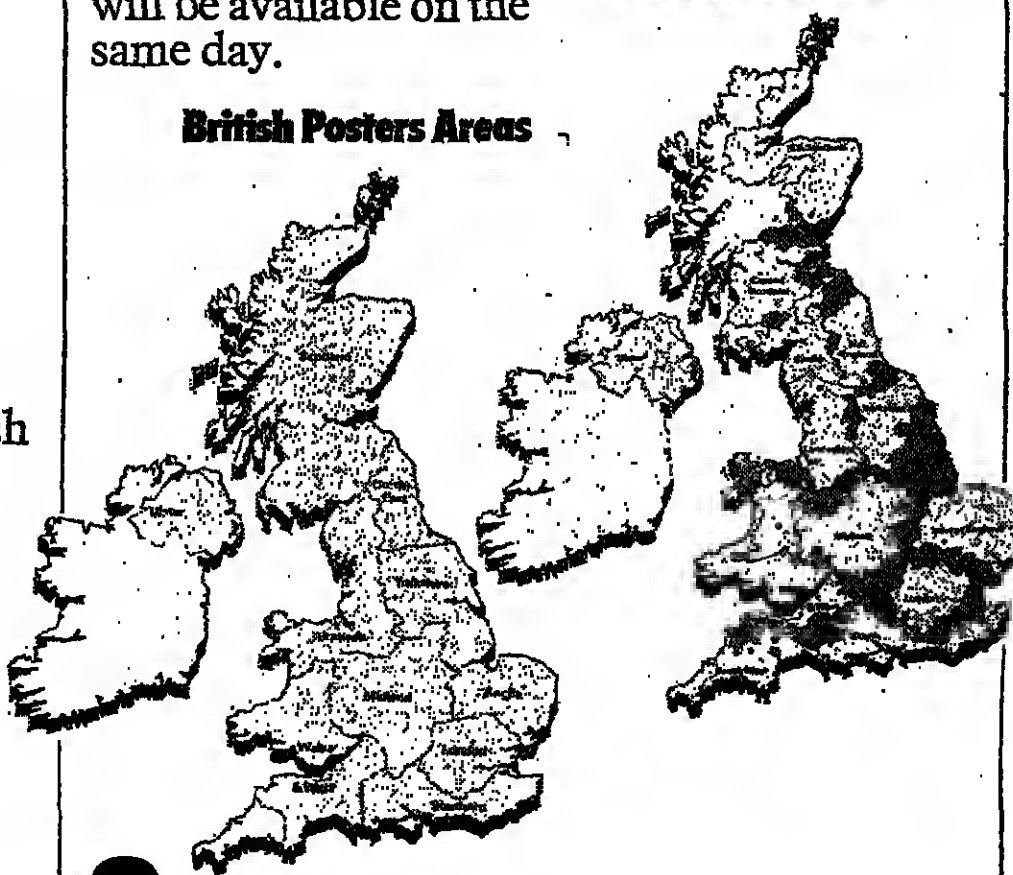
Both the Housewife and Man Campaign you buy complete—standard or heavyweight—on 16 and 4 or 48 sheet poster panels. It's like buying a TV slot. Or press campaign.

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British Posters Areas



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5 Our Seal of Approval.

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6 50-50 on research.

Starting in April we'll make this offer to all advertisers: put your product on our pre-selected Campaigns and we'll go 50-50 with you on an agreed research programme. Our offer applies for the first year and we'll contribute up to 1½% of the first £50,000 you spend on our campaigns.

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THURSDAY OCTOBER 28 1971

An historic occasion

OVERALL the Great Debate has been rather flat. Far too much of it has been couched not in terms of statesmanship but rather in those of party political arithmetic. At times the contortions inside the Labour Party have made it appear that the future of the party rather than the future of the country is the decisive issue. Yet for all that today's vote is an historic occasion. After to-night things in this country can never be quite the same again, and Britain's role in the world will be different.

That the debate would turn out the way in which it did was virtually inevitable once Mr. Wilson decided to perform his political somersault and to come out in opposition to terms of entry into the EEC which, whatever he might say now, are as good as could possibly have been expected when the Labour Government made its application for membership. This decision placed those members of Mr. Wilson's Cabinet which had endorsed his European policy in a highly invidious position.

Voting clues

The course of the debate has reflected this. The occasional debating lapse apart—Mr. Denis Healey for one misrepresents the views of the Financial Times—most interest has been attached to how members said they would vote rather than to the reasons which they cited for their stand. And after to-night, the voting list will be examined time and again to see what clues it affords to the magnitude of the Government's ask in getting the consequential legislation through the House of Commons.

The outcome to-night is of course not in doubt, the only question being the size of the Government's majority and its composition. A count of heads to both sides has produced a general consensus that a majority of 70 would be about par for the course. Any figure below 50 would probably have to be regarded as a serious setback for Mr. Heath while a majority above 85 would be lightly regarded as something of a triumph. But though interest will be immediately uncentered on the size of the majority and the number of "rebels," the extent of the Conservative opposition to membership does matter.

After the Government decided—quite rightly—to flow its supporters a free vote, today,

Dangerous phase

So much then for the political arithmetic. That it has an importance all of its own is undeniable, though it would be greatly reduced if economic recovery were to proceed according to the Government's plans and thus increase the popularity of Mr. Heath and his policies. It is after all a truism that a given policy is judged not only on its intrinsic merit but also in accordance with the Government's standing in the country. This applies even when the issue to be resolved is nothing less than the future security and prosperity of this country.

That this is indeed what is now at stake has been driven home, by the point needed driving home, by Mr. Nixon's package of August 15. Once the American Administration decided to put the national interest above the world responsibilities of the U.S. it was clear that the world was entering into a new and more dangerous phase. The signs had been there for all to read for some time, yet it was not easy to accept that the safe and settled post-war order was coming to an end. Now no one would deny that we are facing a future which is more uncertain than at any time in the past 25 years.

In these circumstances Europe will have a larger part to play. It will also in future have to make greater efforts to achieve its essential policy objectives—whether they be political, strategic or monetary and economic. British membership of the EEC cannot by itself guarantee the degree of political cohesion which Europe needs in the conditions we now face. What is certain is that Europe has no hope of acting in unison if Britain rejects EEC membership and that Britain alone has neither the power nor the influence to protect her vital interests. That is the issue today.

EUROPE: A GUIDE TO THE EEC LEGISLATION...

The real battle begins after to-night's big vote

BY DAVID WATT, POLITICAL EDITOR

NOW that the Government is assured of at least a respectable majority to-night at the end of the six-day debate on British entry to the EEC, political attention is shifting rapidly to the question of how this "vote of principle" is to be put into practice.

The latest Harris Poll shows that a majority of the public wishes opponents of Market entry to accept to-night's vote and give up the fight. However, Mr. Heath and his colleagues are under no illusions that in Parliament the real fight is only just beginning. Parliament is sovereign. There is nothing, in theory, it cannot do or determine—from having the Leader of the Opposition summarily boiled in oil to changing the names of "black" and "white." By this token the Government could, if it thought it proper and politically feasible, pass a one-clause Bill simply announcing that all such laws and regulations of the U.K. as are at variance with the Rome Treaty shall be instantly nullified and Ministers empowered to act in whatever way the Treaty commands.

Alternatively, if the Government felt that constitutional propriety and political pressure forced it to do so, it might go through the whole Statute Book amending and repealing all clauses of all Bills which failed to take account of the Rome Treaty—and painstakingly substituting the various regulations of the Community.

Neither of these extreme courses is, in fact, going to be adopted. The first would outrage parliamentary opinion, the second would be incredibly time-consuming as well as giving endless opportunity for delaying tactics by the anti-Market forces. What the Government will try to do is to find a middle position which will give the minimum opportunities for delay, but will satisfy its own supporters and public opinion both here and on the Continent that Parliament has considered in detail some of the most important implications of Market entry.

Just what position within this spectrum the Government will adopt has not finally been decided by the four men most directly concerned—the Prime Minister, the Leader of the House of Commons (Mr. Whitelaw), the Chief Whip (Mr. Pym) and the Solicitor-General (Sir Geoffrey Howe). But it is already possible to see roughly where a sensible solution of the problem must lie if the three main requirements of the situation are to be met.

1—The legal requirement. The instrument of British accession in the Rome Treaty is not in itself a problem. Treaties are a prerogative of the Crown, though they are formally

"laid" before Parliament for 21 days before being submitted to the sovereign. What is required, however, is the authority of Parliament for Ministers to act in accordance with those regulations of the Community and those articles of the Treaty which are applicable to the U.K. from the moment of accession on January 1, 1973.

In a lot of cases this authority is already vested in Ministers under existing statutes. There are other cases where there is no urgency about the matter since, under the transitional arrangements, we are not immediately required to put some Community regulations into effect. A case in point is that of the British exchange control regulations which have only to be adjusted over a five-year period.

There are, however, about half a dozen areas in which immediate action will be needed and in which Ministers either do not possess statutory discretion or where the regulations enjoined upon them by the Community are actually in contradiction with particular clauses of British laws.

Aiming for the middle

The most important examples here are: (a) the administration of justice, where arrangements have to be made to allow appeals from the British High Court to the European Court;

(b) transport; (c) immigration, where account has to be taken of the Community regulations on the free movement of labour; (d) monopolies and restrictive practices; (e) agriculture; (f) taxation, where provision has to be made for the principle whereby the proceeds of customs duties, agricultural levies and a percentage of the VAT raised in Britain, belongs directly to the Community.

In all these cases what will be required is first, the amendment of certain clauses in existing Statutes where these patently contradict Community practice; second, new blanket authority for Ministers to change minor regulations by statutory instrument (where this authority does not already exist); and third, action in quite a large number of cases in the middle where the Government could play it either by amendment or by blanket authority or by various combinations of both, depending on its assessment of the political sensitivity of the issue and the mood of its own back-benchers.

2—The time requirement. In order that these powers shall come into effect on



Left to right: Mr. Heath, Mr. Whitelaw, Sir Geoffrey Howe and Mr. Wilson.

Fear of the filibuster

Whatever happens the Government cannot avoid the first of these since it is part of the Common Market exercise. Moreover, Government managers would prefer to have the trickiest part of the legislation going through the House of Commons when the economy is beginning to turn up next spring and when public opinion has had more time to get used to the first attempt of the "vote of principle." With these factors in mind the Government's present intention is to introduce its legislation in February, thereby giving itself about six months to get it through. The Government's nightmare

TREATY
establishing
the European Economic
Community
and connected documents

to split a Bill and send some parts upstairs and take some on the floor of the House, there is virtually no way of keeping the Bill on the floor, because if the Government's motion is lost, the whole Bill automatically goes upstairs. But the fact remains that there will be a menacing coalition consisting of a re-united Opposition and a small body of really determined Conservative anti-Market forces fighting any such attempt, and whether the Government decides to take it head-on or defer it by a procedural trick the battle will be uncertain, messy, and time-consuming.

Surveying these requirements through the eyes of, say, Mr. Whitelaw, one can see certain points standing out. First, the Government must get its majority throughout all this legislation on its own account. It can expect no reliable assistance from the Opposition, though no doubt Mr. Roy Jenkins and his friends will abstain from time to time when to vote against a clause would look too illogical. The threat that the Government might fall, which will hang over all this legislation, will be a powerful weapon with which to frighten anti-Market Conservatives, but at the same time no effort can possibly be spared to mollify the constitutionalists or hux in the recalcitrant by procedural means.

One convenient way of doing this—though by no means the only one—would be first to set the constitutional stage with a very short "enabling Bill" which would set out in broad terms the will of Parliament in according to the Rome Treaty.

The legislation proper

The conventional legislation proper might then consist of a Bill of about 100 clauses, in which the two most "constitutional sections"—the administration of justice and the taxation provision—could be taken on the floor of the House and the other four or five sections sent up to a committee. These sections would be liberally sprinkled with clauses giving authority to Ministers to make changes by statutory instrument, but would also contain important clauses amending or repealing existing legislation.

Whether this particular permutation represents the best chance of smoothing out all the difficulties, it will not be possible to tell for several weeks, and certainly not until tonight's voting lists have been studied. Other approaches may have to be found. But the basic requirements remain constant—and whatever happens it is going to be a long, hard fight.

Trying to hold the line

HE TUC is now coming to the point where it must face the consequences of its decision to maintain a hostile attitude towards the Industrial Relations Act. The basis of the Act, and of its first part of it to come into operation, is that trade unions must register and satisfy the Registrar that their rules are equitable if they are to continue to enjoy the full rights which a Government believes they are legitimately claim in order conditions. The TUC is chosen to oppose this requirement as a matter of principle and has instructed members—who, if already registered, would automatically be transferred to a new provisional register unless they proceeded to apply for de-registration. Only half have so far done

Unfavourable

The balance of advantage to just unions of carrying out the TUC's policy is, in fact, clearly unfavourable. They obtain freedom from supervision by the Registrar. On the other hand, they probably stand to lose exemption from tax on their income. They certainly lose their traditional protection from legal action for calling "liks which involve a breach of contract: action can be taken against the officers of an unregistered union as well as the union itself, and there is no limit on the case of a registered union on the amount of damages that may be awarded. Only registered union can seek to quire exclusive negotiating rights or to set up an agency to a union only applies to registered union while the one not to belong applies to all hands: unions which do not therefore, may find themselves up against competi-

tion for membership from those which do.

The practical penalty for not registering is, in short, considerable. It will be magnified in the eyes of many union leaders by the reflection that the TUC policy is unlikely to be successful. Supervision by the Registrar, as Mr. Carr pointed out yesterday, is no greater a hardship than other bodies bear in return for privileges and is in no way the end of union independence. Trade unions are not being forced to register in order to go on operating but are being offered preferential rights if they do so. Above all, the working of the Act does not depend on unions agreeing to register. It would not work as effectively if every single one of them refused to do so, but it would certainly not collapse altogether—much as the TUC might wish it.

Playing for time

In these circumstances, it is not surprising that 18 unions (several of which can plead special circumstances of one kind or another) have already informed the TUC that they intend to register. Of the rest which have so far taken no action, some have an alleged genuine need to revise their rules before applying for de-registration and a greater number are simply playing for time. It is understandable that no large union wishes to take the odium of being the first to defy the TUC but it is likely that if one takes the initiative others will not be slow to follow. What the General Council now has to decide on is whether strict disciplinary action against those who have already broken ranks is more likely to stop the rot or split the movement seriously. It is an unenviable choice to have to make.

MEN AND MATTERS

What they want at Watneys

If predestination exists in business, then it has applied to Mr. George Duncan. When managing director of Trumans Brewery, he became a stout champion of the Watney bid, and an equally stout opponent of the rival Grand Metropolitan bid for Trumans. The snag was, Watneys lost the epic battle, and Grand Met got Trumans. So last month, with a certain inevitability, Duncan resigned.

Next week, with equal inevitability, he joins the Board of Watneys and becomes chief executive, following a decision to split off that function from chairman, to enable Mr. Michael Webster to worry about policy rather than implementation. So this makes the second time that Duncan, still only 37, has joined a brewery company at or near the top.

With an economics degree from London University, Duncan qualified as an accountant, and did an MBA at the Wharton School of Finance, Pennsylvania. He was with Ford in Canada, with Arthur Young consultants, and then with Hambros Bank. He joined Trumans in 1967 as finance director, moving to m.d. two years later.

When he left Trumans, he remarked that he would like to stay in brewing, but there were not many chief executive jobs to aspire to. Now he has got one, in a company five times the size of Trumans. What Watney is interested in, is his experience in revamping Trumans, which we almost got away with," says Duncan.

But has Duncan jumped from frying-pan into fire? Watney a company news man. He spent shares have been in demand. The war years as a Squadron Leader in charge of air traffic control at Northolt, and later in Malta, Sicily and Italy. After Watneys itself. But Duncan points out that Watneys is intending to get much bigger on its own, and "I am taking a fair risk. I do not enjoy being taken over."



We wish him well

The retirement of Mr. T. S. C. (Jim) Hunter yesterday from the board of the Financial Times marks the end of an association that has lasted for 43 years. It was also an unusually close association, as Jim's father, Mr. D. S. T. Hunter, was editor of the FT before the war, and Jim was deputy editor of the paper between 1950 and 1957.

He joined the FT in 1928 as a company news man. He spent the war years as a Squadron Leader in charge of air traffic control at Northolt, and later in Malta, Sicily and Italy. After Watneys itself. But Duncan points out that Watneys is intending to get much bigger on its own, and "I am taking a fair risk. I do not enjoy being taken over."

10 per cent of what next?

The problem of convincing stock markets that show business can generate steady profits is not confined to the few British-quoted companies in this field. Mr. Marvin Josephson, an American lawyer whose Marvin Josephson Associates is one of only two U.S.-quoted talent agencies, tells the same tale. Taking his 10 per cent cut from over 2,000 talents, ranging from Lord Olivier through David Frost to Doris Day, and in the literary field from Germaine Greer to Tennessee Williams, Josephson went public in February, with over-the-counter stock at \$12 a share. "Since when I have been able to announce nothing but good news," he maintains. This includes taking over the clients of Chartwell Artists—clients like Richard Burton, Elizabeth Taylor, Jane Fonda and Marlon Brando. Now the shares are around \$7.

Josephson believes that the lack of conventional assets, and the uncertain nature of profits, are over-emphasised. "It does not matter what technological changes there are, whether video cassettes take off, or cable TV. Every form of media bar-dware requires software, that is, talent." But Josephson admits that the film business is sticky. He has spent most of his European trip talking to bankers about new methods of film finance. One idea is to interest smaller investors, at around \$5,000 a time, on the same principle as the U.S. oil exploration funds.

Absolution

Herr Abs, the German banker, was 70 the other day, and the German periodical *Finanz und Wirtschaft* tells this story. Abs dies and goes to heaven, only to find the place in a tatty condition. St. Peter explains that heaven is not immune to rising costs either—the expense of fighting evil is ever mounting, and unfortunately, heaven has had no-one qualified to help, because no banker has ever made it to heaven before. Would he help?

Abs agrees, gets an office staffed with cherubims, and draws up a financial reorganisation plan. When it is ready, he presents it to the Heavenly Council. After some delay, he is called in, and St. Michael says: "We like your plan. But it can't go through. We'll never be able to explain to God why he should be only deputy chairman of your newly constituted United Celestial Company."

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... THE SIX AND THE MONETARY CRISIS

Severest test of unity yet

BY IAN DAVIDSON, European Editor

THE EXTRAORDINARY thing about this week's debate in the House of Commons, is that it is being conducted virtually without any reference to the current problems of the European Community, in particular those relating to the international monetary crisis.

It can be argued that a "historic" debate should focus on the major options rather than on short-term issues. But the fact is that the Six are now facing a real test of their solidarity, and that the future development of the Community will be very strongly influenced by the way they respond to the stresses of the dollar dilemma.

Lip service

So far, indeed, there has been no solidarity to speak of. All the Six pay lip service to the idea, but in practice they have failed to agree on a common line, and the French and the Germans have been peculiarly stubborn in defending their national interests at the expense of anything that might be regarded as the interest of the Community at large.

The bilateral contacts between Karl Schiller and Valéry Giscard d'Estaing, which took place on Wednesday, may lead to some rapprochement between Paris and Bonn, but President Pompidou's indifferent response to Chancellor Brandt's proposal for an early meeting on the monetary issue is not an encouraging omen. The Franco-German relationship is at its lowest ebb since the days of Ludwig Erhard, and this alone is bound to cast a shadow over the future evolution of the Community.

The immediate bone of contention is over the most appropriate tactic for meeting the American surcharge and the suspension of dollar convertibility. When the German Government floated the Deutschmark in May, it met a wave of protests from its five partners, who demanded the fixing of a new mark parity at the earliest possible moment, and could not agree to endorse the Schiller plan for a joint

Irrational

The French argument is irrational because in the brave new world of floating currencies the dollar is only one among many standards of value. By tying the franc to the dollar for commercial transactions, the French government is in fact floating it downward against most other currencies; weighted in terms of trade against the 14 major currencies, the franc was last week 5.8 per cent. lower than at the beginning of this year.

The paradox of the present situation is that the relative exchange rates between the currencies of the Six are more im-

portant to all of them than their individual exchange rates against the dollar. Only 8 per cent. of the total exports of the Six go to the U.S., whereas 49 per cent. move across the internal frontiers of the present Community; in the case of France, the share of exports taken by the U.S. is even lower.

CURRENT ACCOUNTS (\$m.)

	1969	1970	Estimated 1971
Japan	+2,119	+1,970	+3,500
Canada	-847	+1,085	+900
Belgium	+84	+744	+700
France	-2,178	+100	+300
Germany	+1,701	+765	+400
Italy	+1,522	-96	+650
Netherlands	+185	-131	-200
Switzerland	+528	+70	-200
United Kingdom	+1,049	+1,470	+2,000
Totals	+4,163	+5,977	+8,050

(only 5 per cent.), whereas 55 per cent. goes to the other nine members of the enlarged Community.

At one stage during the summer, some inside the French administration thought that the franc would have to be revalued in the wake of the D-Mark, because of the importance of imports from Germany.

In the event, the government pressed home the view that the economic argument should take second place to the political and doctrinal imperative of sticking out for an increase in the dollar price of gold.

The Six have been able to agree on the broad principles of a long-term reform of the international monetary system, based on a more important role for Special Drawing Rights, but they have done nothing to settle their internal exchange rates.

The most obvious casualties of the Community's internal

disarray are the Werner Plan, for the progressive establishment of monetary union between the Six, and the farm policy system of common prices. The Werner Plan was due to start in June with a narrowing of margins between the Common Market currencies, but had to be postponed because of the serious. The attempt to weld the six currencies together before any palpable progress has been made in co-ordinating the management of the six economies was at best premature and at worst absurd. The farm policy, on the other hand, is a going concern in which the Six have invested a great deal of time, political effort and money, and the strains imposed by the currency crisis are not likely to evaporate with the negotiation of a new set of parities.

Not disastrous

Common Market farm prices are nominally set in terms of gold, and the normal consequence of a revaluation by a Community country is therefore a corresponding reduction in the prices paid to its domestic farm industry. The Germans have already paid this tribute to the farm policy once, when they revalued in 1969, but the way they are talking now suggests that they do not intend to make a second such concession to a policy they no longer believe in.

In itself, a prolonged retreat from common prices need not be disastrous; it certainly need not lead to the complete collapse of the farm policy, whatever the wishful thinking on this side of the Channel. But it would represent a political setback which could only be absorbed in an atmosphere of harmony and co-operation greater than is apparent to-day.

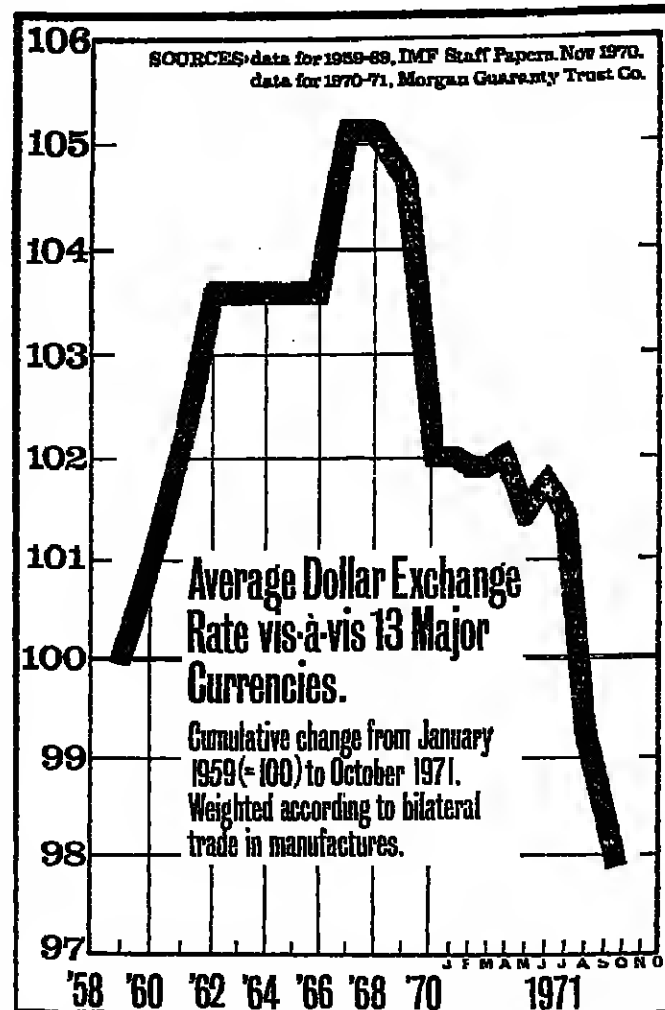
At present, the Six are allowing their relations to be overshadowed by the problems thrown up by the Nixon measures, and are in danger of being seriously divided by suggestions from Washington that the U.S. might be prepared to discriminate between the Community countries by removing the surcharge on a selective basis.

On balance, it seems unlikely that the Americans would be able to do a separate deal with Germany, for example, if only because it would require Bonn

Open question

Just where the Community goes from here is a wide open question, and one which will depend at least as much on the U.S. as on the present member States. The French proposal that the members of the enlarged Community should hold a summit meeting next year has been enthusiastically endorsed by the German Government—and rather more cautiously by the other countries, if only because there is no clear consensus about what, even in general terms, such a high-level meeting ought to achieve.

President Pompidou's original suggestion was based on the



notion that the main subject on the agenda would be the monetary crisis; the ramifications of the monetary crisis into such areas as burden-sharing, trade and the shape of government. The heads of government will have to cover a lot of ground if they are to accomplish anything useful.

Among other things, they will need to take a serious look at the whole question of East-West relations, not least because the time will be getting ripe to face up to the Soviet proposal for a European security conference. The Bonn government is an ardent advocate of a Community summit, but German public opinion has been so impressed by the success of Willy Brandt's Ostpolitik that it now favours a neutralist foreign policy in preference to the alliance with the U.S. in political terms, the certificate of international respectability conferred on Germany by its membership of NATO and the European Community has now been capped by Brandt's Nobel Peace Prize. Future German governments may feel freer to take a dispassionate view of their links with the West.

Opportunities

There is certainly no lack of opportunities for such an effort. Next Thursday the six Finance Ministers will make a first attempt to wrestle with the international monetary crisis at a meeting in Paris. The next day the six Foreign Ministers meet in Rome to prepare for the Community summit; and with the Commons vote out the way Sir Alec Douglas-Home should be in a good position to make a positive contribution when he and his counterparts from the other candidate countries join the meeting on the Saturday. Yet it is not entirely clear that all the Community countries feel they are playing in the same team, alone aiming for the same goal.

Labour News

Oil tanker drivers' strike made official

BY ROY ROGERS, LABOUR STAFF

THE 11-day-old strike by Charrington Gardner Looket oil tanker drivers which has halted fuel supplies to many factories, offices and homes in the South-east has been made official.

The drivers' union, the Transport and General Workers' Union, has lent its support to the stoppage, which arose over management attempts to alter shift working arrangements at the company's five depots in London and the Home Counties.

All 280 drivers and fitters from depots at Coryton, Essex; Poplar; Wandsworth; Buckland, Surrey; and Buresfield, Herts., walked out on October 18 claiming the company was trying to impose double-day shift working before procedure was exhausted. Yesterday stewards claimed that all they wanted was the management to abide by the agreed procedure and allow shift working arrangements to be determined locally. Pay was not involved.

Following failure to agree the management's proposals the company had ignored the final two stages of procedure, which include provision for arbitration, and attempted to impose the new working patterns, they added.

Hospitals

The stewards are demanding a return to the pre-pilot scheme working arrangements while management is understood to consider status quo as being current working patterns.

Although fuel supplies to many factories, offices and homes have been hit by the dispute, three men are reporting for work every morning at each depot to deliver oil to hospitals.

Walk-out by Heathrow groundstaff averted

BY OUR LABOUR STAFF

A WALKOUT by all 1,300 British Airports Authority groundstaff at London's Heathrow airport was averted yesterday, when 200 drivers and fitters decided to return to work.

They had walked out a day earlier over the suspension of a colleague who had refused to work alongside a driver who was supporting a 17 per cent. pay-claim breaking sections imposed by all 2,000 BAA industrial workers.

BAA claimed that this man had been suspended and that he was free to return if he agreed

to perform work given him by supervisors. Following a meeting between shop stewards and national union officials yesterday afternoon, the man decided to return.

The work-to-rule and overtime ban which has been in force since last weekend will be maintained at least until further pay talks next week, when negotiations will seek an improvement on BAA's latest offer of 6 per cent. However, BAA claims that services will not be affected by these sanctions.

Other labour news Page 26

Best August beer output for 26 years

By Kenneth Gooding

BEER PRODUCTION in August was the best for that month in 26 years and the brewers are now well within sight of topping 1970's record by at least 3 per cent.

Statistics produced by the Brewers' Society yesterday showed production in August at 3,075,001 bulk barrels, some 4.21 per cent. ahead of the 2,953,744 barrels for August last year. The main reason for the increase was a 10 per cent. rise in public house consumption and conversion.

Production in 1945 during the post-war boom. For the first eight months of 1971, beer production stood at 22,985,784 barrels, up 3.83 per cent. on the 22,150,790 recorded for the same period last year.

Thus the underlying trend in beer consumption is steadily upward—a trend which the brewers maintain owes much to the money they are pouring into public house renovation and conversion.

Official bid to allay computer leak fears

BY TED SCHOETERS

INFORMATION on individuals held in the growing array of big Government computers may be the subject of a code of conduct. The matter is now under consideration in Government departments.

This significant recognition of the existence of a privacy problem concerning computer-stored data on private individuals was made last night to the British Computer Society by Mr. Frederick Corfield, Minister for Aerospace, who has a special responsibility for the computer industry.

He told the Society, which has been pressing for a Government lead, that the privacy of the individual and the safeguarding of information held on data banks, whether by central Government or by private agencies such as credit-rating organisations, was under study.

The Younger Committee, he said, had been studying for over a year whether legislation was required to prevent intrusion by individuals or businesses into the privacy of other legal entities. Government itself was considering whether a protective code of conduct for dealing with

personal records held on its own machines was possible. This would give a lead to others.

Mr. Corfield recognised the Society's concern for the rights of the individual in view of the increasing use of "the faceless computer." He agreed there was genuine anxiety among the general public at this electronic intrusion and that it should be overcome, in part through a process of education.

At the root of this anxiety was the feeling in the public that computer records could be inaccurate, accessible to unauthorised people or used for purposes other than those for which the information was originally disclosed. This last fear applied particularly to the mass of information held on Government computers.

Safeguards against error and unauthorised access could be built into computer systems. But experience had shown how strong was the fear that information given in confidence to one Government body would find its way into other parts of Government. The Minister said, He added that the internal review he had referred to was aimed at overcoming these fears.

Saleroom

Tower's 10,000-gn. pistol

A SMALL ENGLISH snaphaunce pistol probably dating from the early 17th century was sold at Christie's yesterday for a record 10,000 gns to the Tower of London, in a sale of antique arms and armour, modern sporting guns and vintage firearms which totalled £84,930.

The pistols are thought to have been presented to Tsar Boris Godunov by James I in 1604. P. Dale paid 4,300 gns for a 16th century Saxon wheel-lock superimposed load rifle, and a private buyer 1,450 gns for a late 18th century flintlock seven barrel goose rifle by Henry Nock, London.

Christie's sale of old English silver totalled £21,592. A pair of table candlesticks (68 oz) by William Gould, 1749, sold to Bourdon-Smith and a 37-oz two-handled cup and cover by Pierre Harache, 1702, to Rayman, each for £600.

A gold medallion of Constantine the Great went for £2,150 to Coins and Antiquities, and an aureus of Licinius II for £1,200 to Graham at Glendining's coin sale. Schulman gave £440 for a Loeris stater c. 370-340. The total was £39,420.

At Sotheby's Belgravia a sale of Victorian furniture and works of art realised £17,594. Humphris gave £2,400 for The

Tinted Venus, a standing marble figure made by John Gibson RA, and Drey £2,300 for a Morris and Co. marquetry broadwood medium concert grand piano, c. 1890. Hawkins Antiques paid £540 for a set of 20 rosewood dining chairs, and Mallet's £500 for a needlework wall hanging by Henry Peck.

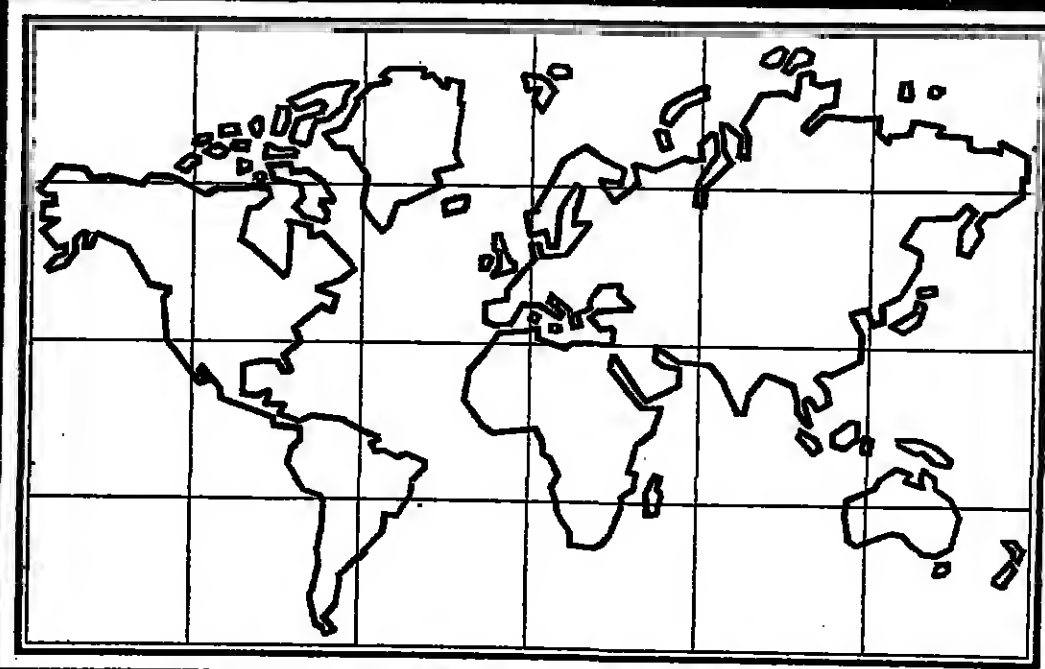
At Sotheby's Bond Street a sale of 18th, 19th and 20th century paintings realised £21,715. Cohen gave £3,100 for two paintings by Antonio Fontana, of Big Ben and Parliament Square, and of The National Gallery and St. Martin's in the Fields.

A silver sale at Sotheby's Parke Aernst Galleries, New York, on Tuesday, totalled \$116,510. A pair of silver-gilt ginger jars and covers, makers mark L. B. London 1875, fetched \$14,000.

At Phillips's \$5,581 ceramics sale, R. Smith paid \$320 for a rectangular plaque, signed R. Ditzsch, and \$270 for a pair of Royal Worcester figures modelled by Hadley.

An autumn evening by Benjamin Williams Leader went for \$780 to Turner on the first day of the sale at the premises of the clients of Knopson Hall, Yorkshire, by Henry Spencer. The total was \$7,286.

This is a large scale map of Manchester



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COMPANY NEWS + COMMENT

M. Y. Dart lifts total—"rights" plan

A FINAL dividend of 15 pence per share by M. Y. Dart lifts the total for the year to 30 pence, the equivalent of 19.5 pence to 25 pence for the year to June 30, 1971.

Group pre-tax profit increased from £200,012 to £244,841 including 12 months of Haley and Waller Group and eight months of Haley Table Tennis. Both acquisitions exceeded their profit forecasts.

In the first half of the year, pre-tax profits were £150,500. The results of the second half are therefore in line with the annual rate, 20.5 pence, envisaged last December.

The directors are considering making a rights issue on favourable terms to raise some £200,000 to finance planned expansion.

1970-71 1969-70

Profit before tax 464,001 324,022

Tax 170,100 117,142

Net profit 293,901 206,880

Pre-tax profit 293,901 206,880

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British Debt Services	28	5	International Timber	27	2
BSA	28	3	Kirkstall Forge	26	5
Butlins	26	1	Lawrence (F.)	27	6
Charles (David)	27	4	Longmore Bros.	24	7
City & International	26	6	M.Y. Dart	24	1
Clarke (Clement)	28	4	Newbold & Burton	24	1
Clarke (T.)	27	3	New Day Holdings	24	2
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£43,297 before tax of £17,000 of after tax profit which at £191,365 was £43,093 lower.

The chairman reports record figures for the group's recovery from the recession and predicts further improvements during the current year, with turnover already "well up" in all the trading divisions.

The Stockport-based furniture division experienced the "greatest difficulty" during the last five months of the year but a higher level of demand is now being experienced which, with the continuing streamlining of the group's activities, "should ensure a much improved situation at the end of the current year," he adds.

1970-71 1969-70

Trading profit 91,375 90,817

Interest, finance, etc. 348,530 490,720

Tax 112,208 119,428

Net profit 197,697 262,109

Pre-tax profit 197,697 262,109

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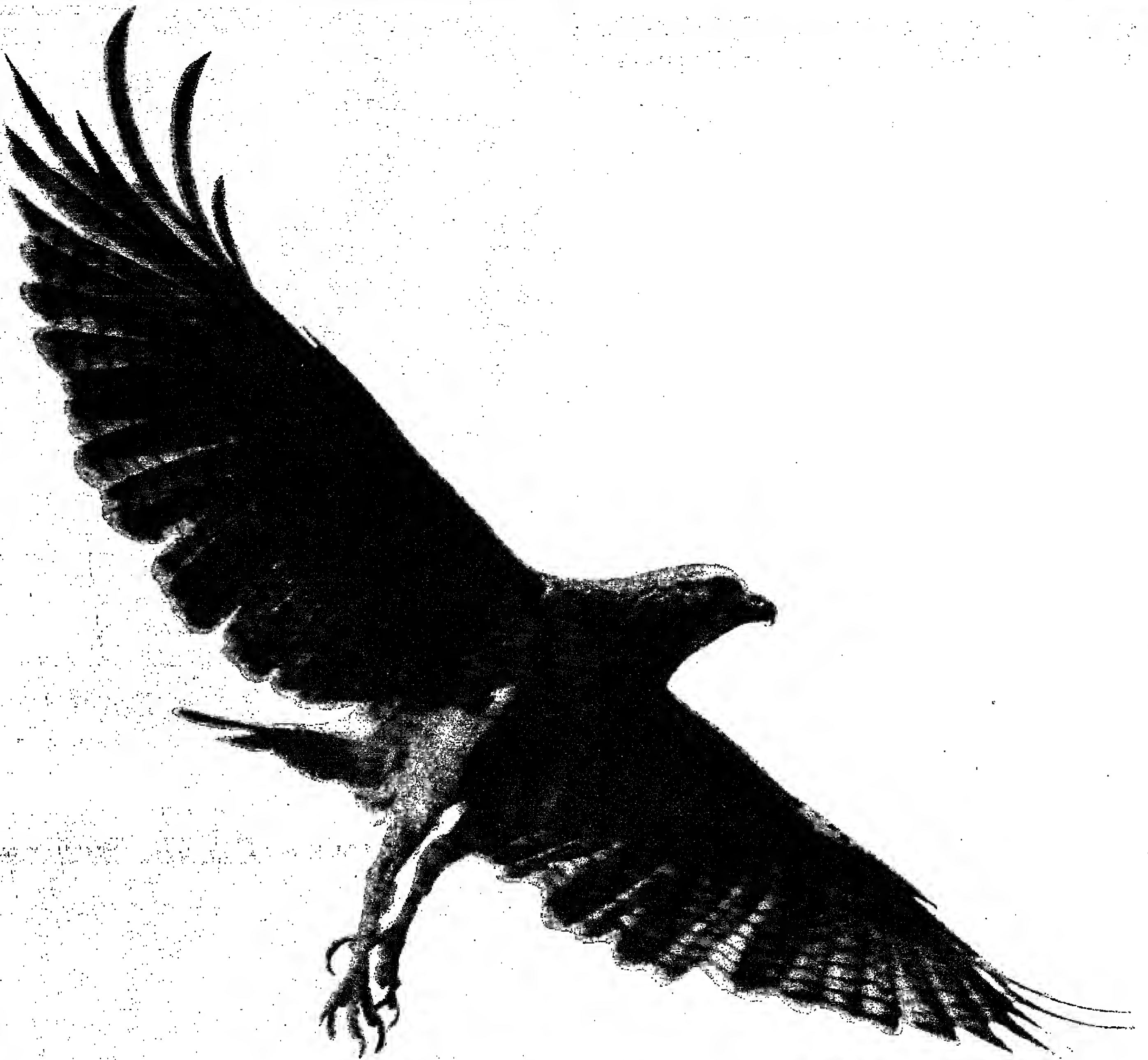
Pre-tax profit 197,697 262,109

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Sept 1971



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and DALSCOT, 147 Buchanan Street, Glasgow 041-221 9772

David Charles' Gallaher profits to be good outlook "rather better"

he helped by the withdrawal in June of the credit restrictions on

He emphasises, however, that the increase in hire purchase sales will necessitate an increase in the provision for unmaturred profit.

Mr. Winstone reports that negotiations are taking place to acquire suitable properties with a view to opening several additional

As reported on September group pre-tax profit for the year to April 30, 1971, was £288,941 (£260,426), the dividend is offered from 1971 to 1972 per one share four scrip issue in "A" shares is proposed and the directors expect to maintain the rate on the increased capital.

Mr. Williams to the dividend was £115,503 and £62,219. Mrs. Winne £15,503 and Mr. P. H. Keiser £6,141.

The chairman's holdings at the end of April were beneficial shares of £401,695 "A" Ordinary, and non-beneficial 110,000 Ordinary and 155,195 "A" Ordinary.

Highland Electronics paying 6%

The dividend is stepped up from 3 per cent. to 6 per cent. for the period, and it is intended to maintain that level for the current year. Waivers on 2.05m units have been received.

Chairman Mr. Jack Dellal stated that an application is being made

to the Stock Exchange, London, for permission to deal in and in liquidation for the capital and it is hoped that full particulars will be advertised within the next few days.

In common with most British firms in the electronics industry Highland suffered from a slump in the economy which, coupled with the postal strike, produced lower than expected profits in the

	16 months 1974-75	12 months 1969
Profit	276.72	101.56
Exceptional debits	76.102	22.58
Balance	184.60	78.97
Net profit	76.58	22.58
Net profit	76.58	22.58
Dividend	49.424	26.24
Forward 10 yrs	21.952	10.00
* After waivers on 2.65m. units.		

Profits include 16 months from Highland Electronics Group and 12 months from Thomson Group and Thomson Scientific and Electronic Instruments, Ardenne and Ardenne Laboratories; and 12 months from Highland Electronics and Nucleonics.

imited.

QH.

New travel chiefs at British & Commonwealth

FOLLOWING the recently announced acquisition by British Transport (Holdings) of the shares of the company of British and Commonwealth Shipping, changes in the structure of the new holding company to be known as British and Commonwealth Shipping, will be made. The new holding company will be a wholly-owned subsidiary of British and Commonwealth Shipping, and will be managed by Mr. A. F. Nickalls.

Future operations of the British and Commonwealth Shipping Group under Mr. Nickalls will have a central administrative control based in London, with a regional division consisting of British and Commonwealth Shipping, and a Southern division consisting of Leroy Tours, Lyons Tours, and Silver Wing Holidays, with Mr. W. D. Caulfield as the regional director, and a Southern division of Leroy Tours and Whitehall Holidays, under the managing directorship of Mr. G. G. Carroll.

In all cases, holidays will continue to be marketed under their present brand names, linked to the particular markets to which they appeal.

The chairman of this new company, which will be a wholly-owned subsidiary of British and Commonwealth Shipping, will be Mr. R. L. Cumming, chairman of British and Commonwealth Shipping.

£10m. fleet, hire orders for Leyland at Show

GET and car hire orders of more than £10m. for 11,000 new Leyland vehicles, the first week of the Earls Court Motor Show, the company announced yesterday.

Budget Rent-A-Car, which has more than 30 offices in Britain and Ireland, has been ordered more than 1,000 cars, including 1,500 Morris Minors, to be delivered in the next 12 months. In addition, Grey Davis has ordered 1,000 cars and 250 Morris Minors. A big contract hire company has ordered more than 1,000 Austin Morris and 850 Morris Minors for delivery next year. Mr. George Turnbull, Leyland's managing director, said: "The formation of the corporate fleet sales division last year, we have increased our sales to the fleet market by over 20 per cent."

RECORD GLASGOW SHOW LIKELY

More than 550,000-worth of cars and commercial vehicles will be on display at the 49th Scottish Motor Show to be opened at the Glasgow Kelvin Hall on November 12 by the Duke of Kent. The show is expected to break sales records.

No firm agreement yet on N. Atlantic fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SENIOR executives of the North Atlantic airlines, at their meeting in London, are understood to be making slow progress towards a new agreement on fares for the route. Reports from sources close to the meeting indicate that, while some kind of an agreement is still hoped for, it is proving difficult to achieve, with airlines involved still tending to stick to their own individual points of view. So far, what appears to have been achieved is agreement on a new framework of what a new North Atlantic fares "package" might contain. This, however, merely means that the airlines have agreed to discuss the problem and to try to reach a precise new fares "package" by the end of the year. There will be a full session of all the airlines flying the route and those operating its fringes (such as, for example, British European Airways), all of whom have an interest in the new agreement on fares for the route.

This session is itself likely to last for the rest of this week, and there is not likely to be any significant change before tomorrow at the earliest.

Suggestions last night that the delegates had failed to reach an agreement on certain individual fares to be included in the overall "package" should not be taken to mean that the overall conference itself has failed.

It is pointed out that these sessions involve a good deal of argument as to precise fare levels, and, although so far there is certainly no firm agreement on a precise new fares "package," this is no barrier to an eventual agreement and does not mean that the conference is about to break up.

Aid needed to modernise clothes industry

THE GOVERNMENT could play a vital role in fostering co-operation between U.K. clothing manufacturers and British clothing machinery makers to develop new technology, says a report published today by the Clothing Industry.

The report, which is the first of a series, says that the clothing industry is facing a crisis. It is not yet able to pin down the precise nature of the crisis, but it is clear that there will be a full session of all the airlines flying the route and those operating its fringes (such as, for example, British European Airways), all of whom have an interest in the new agreement on fares for the route.

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To-day's events

ILLUSTRATED BUSINESS—House of Commons and final day of debate on the U.K. and the European Communities. House of Lords: final day of debate on the U.K. and the European Communities. Parliament will then be prorogued. The Session is expected to open on November 2.

INDUSTRIAL RELATIONS, second day of Financial Times conference under the chairmanship of Professor B. C. Roberts, of the London School of Economics. The speakers are Mr. Victor Gollancz, general secretary of the Trades Union Congress; Sir Geoffrey Howe, Q.C., the Solicitor General; and Mr. Lord Hailsham, Secretary of State for Industry.

CLARKE (GEORGE) (MOTORS), Winchester House, E.C. 12. (Chairman, Mr. D. B. Nash.)

DE VERE HOTELS AND RESTAURANTS, Cornhill, E.C. 4. (Chairman, Mr. J. Muller.)

FELDESTONE DOCK AND RAILWAY, Feldestone, 12. (Chairman, Mr. H. C. Pater.)

KINTA KELLAS ROSSER ESTATES, 3, Queen Street, E.C. 12. (Chairman, Mr. R. E. Timmes.)

MFI WAREHOUSES, Winchester House, E.C. 12. (Chairman, Mr. A. C. Southam.)

MAHAWALE, 3, Queen Street, E.C. 12. (Chairman, Mr. A. R. Rood.)

MYSON, Great Eastern Hotel, E.C. 11. (Chairman, Mr. R. E. Myson.)

SADIA, Beconside, 11. (Chairman, Mr. E. J. Hume.)

SAVILLE GORDON (J.), Birmingham, 12. (Chairman, Mr. J. D. Saville.)

SECOND BRIDLEWAY TRUST, Piccadilly Hotel, W. 12. (Chairman, Mr. E. J. Hume.)

SOUTH WARRINGTON TEA ESTATES, 12, Leadenhall Street, E.C. 3. (Chairman, Mr. L. G. Bryant.)

SOUTHERN KINTA CONSOLIDATED, 11, Moorhouse, E.C. 12. (Chairman, Mr. D. B. Nash.)

SOUTHERN ESTATES, Manchester, 12. (Chairman, Mr. E. J. Hume.)

TOR INVESTMENT TRUST, 11, 11.30. (Chairman, Mr. R. O. Mallow.)

WESTERN CREDIT, 33, Bishopsgate, E.C. 2. (Chairman, Mr. E. J. Hume.)

Extraordinary meeting.

£93m. fire damage in first 9 months

FINANCIAL TIMES REPORTER

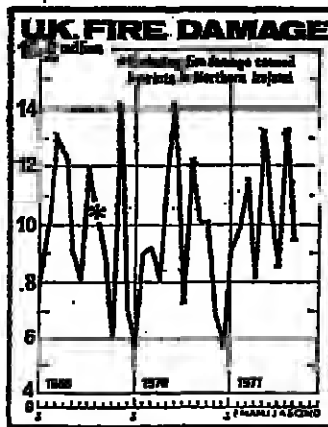
FIRE DAMAGE in the U.K. at £93m. was £5m. higher in the first nine months of 1971 than in the same period last year, the British Insurance Association announced yesterday.

The increase was recorded despite a fall-back in estimated damage to £85m. in September, compared with £133m. in August.

In September fires, each estimated to have cost between £250,000 and £400,000, occurred at a south coast textile factory, a Northern Ireland clothing factory, and at a warehouse and an agricultural merchants in East Anglia.

Of another 11 outbreaks causing damage of more than £100,000 each, only one was at premises protected by automatic sprinklers, the BIA reported. Out of 81 fires costing more than £10,000 each, 20 were at places used by the public, such as hotels, shops and schools.

These figures represent material damage only and do not take into account disruption of business and loss of production or exports.



Simpler code call by port users

BY RAY DAFTER

MHR. IAN CHURCHER, general manager of North Sea Ferries, yesterday called for greater co-operation in the transport industry to cut costs. He also asked for simpler documentation at ports.

Speaking on European transport economics at the Independent Trade Missions' conference in Berlin, Mr. Churcher said that viders of services, higher in ports—where many of the problems occurred—representative bodies should be formed to meet and openly say what they wanted, listen to the problems, and prod a result into effect.

Though port liaison committees existed in some countries they were, he said, usually "too local" and ineffectual. Small, active committees at key points would lead to a better understanding between users and providers of services, higher in ports—where many of the problems occurred—representative bodies should be formed to meet and openly say what they wanted, listen to the problems, and prod a result into effect.

£1m. appeal launched for YMCA

Financial Times Reporter

AN APPEAL to raise £1m. for YMCA accommodation in London was launched last night at the Mansion House, London.

On behalf of the Greater London Council, the chairman, Sir Desmond Plummer made a donation of £10,000. The Duchess of Kent and the Lord Mayor of London, Sir Peter Studd, attended to offer their support.

Chairman of the appeal, the London Development Fund, is Lord Remnant. Some £650,000 of the money is intended for the proposed £5.5m. YMCA hotel in Great Russell Street.

A consortium of City institutions is loaning £3m. on commercial terms for the project in addition to a £1m. loan from BOAC and more than £200,000 from Camden Borough Council. The English Tourist Board is providing a grant of £500,000.

Car park

To help finance the 1,200 bed-room hotel, some 20,000 square feet of office accommodation will be included within the development. A ground floor restaurant will be let to a caterer and parking for 200 cars is to be taken by National Car Parks.

The hotel, which should be completed by March 1973, is part of a project to almost double accommodation offered in London by the YMCA.

The £330,000 balance of the appeal will, it is hoped, contribute to YMCA buildings at Waltham Forest, Wimbledon, and Woolwich, and a headquarters for the National Council of YMCAs.

Alliance may break £100m. loan target

ADVANCES to home buyers by the Alliance Building Society are much higher this year than last, Mr. Roy A. Cox, chief general manager, said yesterday at the opening of a new branch in Southampton.

"I expect that advances will break through the £100m. barrier for the first time compared with £70m. during 1970. Interest rates to new borrowers have already been cut by 1 per cent. to 8 per cent. and the rate for existing borrowers will be similarly cut on January 1," he added.

The new branch, at 4, Southchurch Road, Southend-on-Sea, was officially opened by Lord Leatherland, in the presence of Lord Henderson, and other directors of the Society.

The Hastings and Thanet Building Society has advanced nearly £1m. a week this year for home loans—a record for the society—the chairman, Mr. G. A. Raymond, revealed yesterday.

He told a group of professional people in Gillingham, Kent: "Our total assets by the end of 1971 will be more than £180m., but this will be increased to £210m. when we take in the assets of the Hastings and East Sussex Building Society at the end of this year, following completion of the recently approved merger."

The 100-year-old Sussex Mutual Building Society yesterday announced further moves in its major expansion programme with the opening of six additional agency offices. They are situated in Leicester, Luton, Cheltenham, Croydon, Addlestone and London.

Until the board's recently announced programme of spreading the Society's coverage throughout the South and South

£3m. order for new British satellite

By Michael Donne

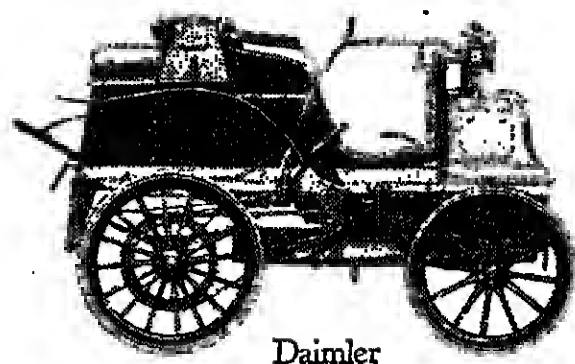
AN ORDER worth more than £3m. for a new British satellite has been placed with Hawker Siddeley Dynamics' Space Division at Stevenage by the Ministry of Defence's Procurement Executive, on behalf of the Department of Trade and Industry.

Designated X-1, this technology-proven satellite will be the smallest and most complex civil satellite to be developed in the U.K. so far. It is intended that it shall be launched by a U.S. Scout rocket in early 1974, in prime systems and techniques for future applications satellites.

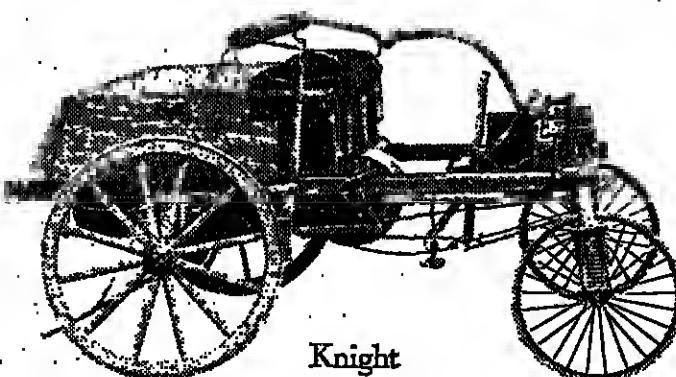
Announcement of the contract came on the eve of the launching, expected to-day, of Britain's first technology satellite X-2, and called Prospero in the Woomera Australian range.

Under the new contract Hawker Siddeley Dynamics is appointed prime contractor for the spacecraft, with the sub-contractors including Marconi Space and Defence Systems, Ferranti and Solartron.

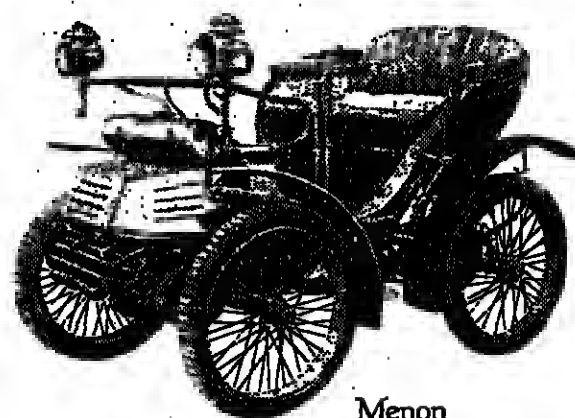
At the 1897 Motor Show you would have been wise to choose a Daimler.



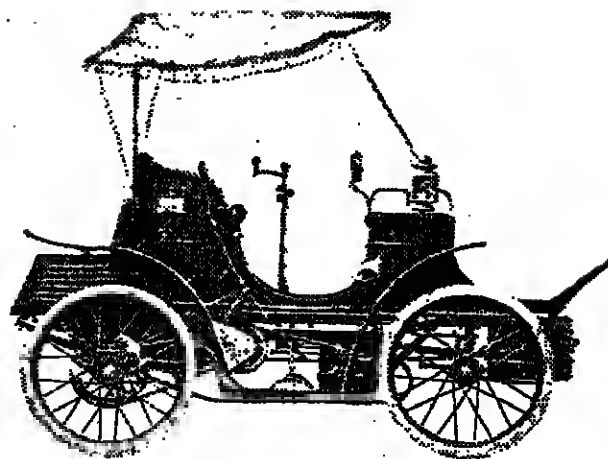
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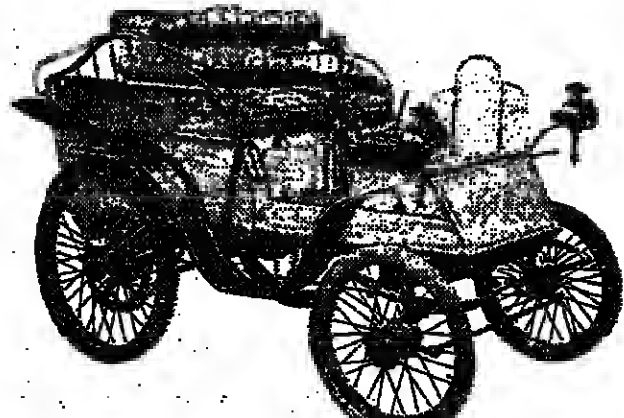
Knight



Menon



Rochet-Schneider



Morris

At the 1971 Motor Show you might be wise to do the same.



We believe that the Daimler has outlasted so many other cars because we have always concentrated on real improvements rather than frills. The Daimler Sovereign is a perfect example. Very powerful, very peaceful and very, very comfortable.



The Daimler Company Ltd., Coventry.
Recommended prices from £2754.38 including purchase tax.
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IMPORTANT NOTICE
The telephone number in the SEALINK double page advertisement which appeared in yesterday's Financial Times was incorrect. The number to ring at Victoria should be 01-834 2345

HEL

DIVIDEND CLERK
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PARK CAKE BAKERIES

R. H. D. LEETE REPORTS A MOST SUCCESSFUL YEAR

The 24th annual general meeting of Park Cake Bakeries was held on October 27 at the Registered Office, 10, Oldham, Mr. R. H. D. Leete, F.C.A. (Chairman and Managing Director), presiding. The following is an extract from his speech:

"These difficult times it is pleasant to report a most successful year's trading. The Net Profit of £202,513 before tax for the year ended 30th June, 1971 is 57.24% greater than of the previous year and the Turnover is up by £58,809,002 to £7,445,780. The Net Profit has been achieved largely through increased turnover which has been achieved by development of new lines, the high quality products, the very high morale of our Sales Force, the ready and helpful advice from our principal suppliers Messrs. Marks & Spencer Limited."

Increasing Demand for Products

In order to meet the increased demand for our products we had to materially increase our investment in Plant Buildings to gain the required production capacity to increasing demand. As I told you last year, we were enlarging our Hatherly Road Bakery. The first stage of this was completed by October 1970, giving this Bakery a large increase in production capacity, and the second stage is now being taken. The additions to our main Raw Material and Stores is almost complete and we have added 5,000 square feet to our Bakerwell Bakery.

The demand for our products is still increasing and you will have decided that if anticipated sales are to be met in 1972/73 and subsequent years a large programme of investment is required. Plans are being prepared to build a new Bakery which will provide a large Production together with all ancillary services. This project, which is planned to be completed by June 1972 will cost approximately £200,000 and to enable us to undertake the Programme the Board have decided to request the Shareholders to pass a Resolution to increase the Capital to enable them to have a Rights Issue of Two Shares for five.

J. & A. Lomax and their Subsidiary Company Hill & Smith Limited produced a very satisfactory increase in sales. Antares Limited have also shown good results. With the Metal Detection Equipment they incur considerable expenditure in developing and improving a range of equipment and have this year taken out Patents on a Sealing Machine which should be ready for sale in the Baking and Allied Industries.

As regards the Watford Arms Hotel Limited, during the year we acquired the four cottages adjoining the Hotel, and we intend to extend our existing Bar.

£10 million Turnover Budgeted for 1972/73

In the short term, that is for the year ended 30th June, I anticipate, subject to any unforeseen circumstances, profits before Taxation should enable us to pay at least 5% dividend on the increased Capital of the Company. The slightly longer term, namely for 1972/73 I shall be reporting a turnover in excess of £10,000,000.

The report and accounts were adopted and a total dividend of 4% (last year 12%) was approved. At a subsequent ordinary General Meeting a resolution was sanctioned increasing the Capital of the Company to £1,750,000.

SECOND CITY GROWTH CONTINUES

Mr. W. L. Jobbins, Chairman of Second City Properties Limited, speaking at yesterday's meeting of shareholders.

her points from Report and Accounts for year ended 30th April 1971:

Dividend 15% compared with 13% in 1970.

Profits have increased for sixth consecutive year.

Letting of new office block in Edmund Street, Birmingham increases rental income to more than £150,000 in full year.

Reduction in turnover reflects board decision to refrain from unprofitable tendering.

Private House Division's contribution continues to grow.

Profit forecast for current year—indications point to further improvement.

Results in brief

	1971	1970
Turnover	3,726,007	4,117,583
Profit Before Tax	333,959	311,866
Profit After Tax	206,485	170,701
Ordinary Dividend	113,890	102,230
Dividend Cover	1.8	1.7

Copies of the Report and Accounts can be obtained from the Secretary, Second City Properties Limited, 48 Temple St., Birmingham 2.

SECOND CITY Properties Limited

BRITISH TRIMMINGS (HOLDINGS) LTD.

Year ended June 30	1971	1970
Turnover	1,041,566	894,853
Profit	73,068	55,031
Dividend	23,194	23,194
Dividend Cover	(12%) 22.445	(10%) 13.704
Dividend	106,082	81,126

Mr. Alfred C. Stone, chairman, reports:

Turnover increased by 15% and profits before tax by enabling the Board to recommend an increase in the dividend to 12%.

While the benefits looked for from the Chancellor's recent cuts of various financial restrictions have not, up to the end of August, had any real effect on sales, benefits should be felt in the course of the next few months, though the present unsettled conditions make it difficult to predict with certainty.

UNITED KINGDOM PROPERTY COMPANY LIMITED

EXPANSION POLICY CONTINUES

The following are extracts from the accounts and the latest statement of the Chairman, Mr. H. L. DENTON, for the year ended 30th June, 1971:

"Profit before Taxation amounted to £108,477 (1970—£90). The Directors recommend a Final Dividend of 13% on the total distribution for the year of 20% (1970—16%)."

"Evaluation by J. Trevor & Sons of the Group's properties at 31st July, 1971 amounted to £3,585,500, an increase of £285,000 over the comparable Balance Sheet figures of June, 1971. The Company acquired 51% of the Issued Capital of South Western Consolidated Property Holdings Ltd., an unquoted Property Investment and Dealing Company. In August, 1971 your Company entered into negotiations to acquire the entire issued Share Capital of Thames Property and Securities Limited. These negotiations are continuing."

"It is your Board's intention to pursue a policy of expansion in the solid foundation achieved through sound investment in the past years, and I have every confidence in the continued progress of your Company's affairs."

GEEVOR TIN MINES LIMITED

The Fifty-eighth Annual General Meeting of the Company was held on the 27th October, at Pendeen, Cornwall. Mr. A. L. Thomas (Chairman) presided and the following is an extract from his Statement for the year ended 31st March 1971:

"The profit of £147,540 shows a reduction of £128,203 from last year's record figure. This reduction has been brought about by increased costs, lower tin price, particularly in the second half of the year, and the lower grade of ore treated. The grade and tin price factors resulted in the revenue from the sales of tin produced during the year falling from £899,437 to £844,366. Sales of accumulated tin residues realised £16,648 and the proceeds of copper flotation residues were £29,138. The value of tin concentrates sold was about £6,000 to nearly £15,000."

Mining costs show a substantial increase from £374,800 to £648,700, almost entirely due to higher wage and salary rates and to the enhanced prices of materials and power. After providing for Taxation, the profit for the year available for distribution amounts to £107,490. An Interim Dividend of 5p per share has been paid and a Final Dividend of 10p per share is recommended, absorbing a total of £81,920; in addition, £40,000 has been transferred to a General Reserve and the carry forward balance in the Profit and Loss Account now stands at £38,785."

In arriving at the amount of the proposed final dividend, the Directors have had regard to the requirements of the Company's capital and exploration programmes, while at the same time providing a return to the shareholders commensurate with the profit. The combination of the lower tin price and the continuing impact of inflation is adversely affecting profits which must be expected to be considerably lower in the current year."

DEVELOPMENT—The unwavering of Levant to about the 190 fathom level has permitted the renewal of the development of our orebodies westward, and since the end of the year headings advanced on the 14th level on the No. 2 Branch and Coronation lodes show promise."

LEVANT—Since the end of the financial year the crosscuts on Nos. 1 and 4 levels passed through orebodies which have since been intersected by No. 6 level crosscut. This crosscut is being extended by about 180m to the indicated position of the Corpus Christi lode."

Apart from the payable ground exposed by the No. 1 level development, results have, in the main, been disappointing. The planned exploration of the Levant undersea area is being vigorously pursued."

GENERAL—I have already mentioned the expectation of considerably reduced profits for the current year, and I must re-emphasise that unless the continued upward spiralling of labour and materials costs is offset by a large increase in the price of tin, the tin mining industry in Cornwall, and indeed all those employed there, will be placed in a very vulnerable position."

KINTA KELLAS TIN DREDGING

Extracts from the circulated statement by Mr. T. H. Macer, M.C. F.C.A., the Chairman:

"Mining operations both by Dredging and Open-pit mining proceeded satisfactorily. The profit for the year was £361,336 compared with £211,537 for the previous year, taxation requires no less than £182,779 (£78,770). The Directors declared a third interim dividend for the year of 60%, making a total distribution of 120% (100%)."

There were no major problems for the Dredging Operations during the year. Yardage treated increased by 337,500 cubic yards, one recovered well higher by 116.56 metric tons, cost per cubic yard was lower by 1.22p and the average price received for tin ore recovered was £10.49 per metric ton higher. The financial result was a sharp rise in profits."

The results from the Open-pit Operations were most encouraging. On a Capital Investment of slightly under £160,000, the net profit of £55,842 (£28,277) represents a most satisfactory return. One recovery for the first four months of the current year is ahead of the average for 1970/71. The present price of tin is ruling somewhat lower than the average for the past year but nevertheless I feel confident that I shall be able to announce very satisfactory results this time next year."

EXPANSION BY ROBERT LEE

Robert Lee and Partners, of London, has joined forces with a Johannesburg-based company, UAL Management Services, a wholly-owned management consultancy subsidiary of The Merchant Bank, Union Acceptances. The new association will enable Robert Lee to expand recruitment and other services, as UALMS is already firmly established in Southern Africa and has affiliates throughout Australasia. Robert Lee already operates through offices in London, New York, San Francisco, Brussels, Milan, Paris, Munich and Dublin. In addition partners have, until now, made regular visits to Australia and several African countries."

EQUITY-LINKED CONTRACTS

Dominion-Linkin Equity Assurance and has introduced, in addition to its Linkin-Glyn series of equity-linked contracts in the form of the Equity Protection Plan. This new low-cost plan has been designed to protect investors against death benefits from the effects of inflation. It provides increasing life cover through investments in the successful Linkin-Glyn Fund, managed by Williams & Glyn's Bank and started in June, 1968."

Exports of gold total £28.9m. in September

GOLD EXPORTS from the U.K. totalled £28.9m. in standard form in September, with Switzerland taking £15.9m., France £8.0m. and Macao £2.7m.

Out of total such exports of £160.9m. in the first nine months of the year, Switzerland accounted for £88.9m. and France £35.3m. Non-standard bar exports were reduced to 5.1m. in September, and a group of 22 bars entering on Dubai received £3.4m. bringing their nine-month aggregate to £32m. out of overall exports from the U.K. of £56.2m.

Standard bar imports in September amounted to £40.2m., with South Africa supplying £35.2m. and East Germany £3.5m. Total standard bar imports for the nine months were £365.5m., of which South Africa provided £341.5m. and East Germany £24.5m.

There were no imports of unrefined silver to the U.K. in September, and refined imports only totalled £0.8m. The present depressed state of the silver market is not thought to be the reason for the lack of imports of the metal."

Thomson Sky Tours' reply to Horizon

By Ray Dafer

THOMSON SKY TOURS yesterday fired the latest shot in the battle over who should stay at which continental hotels. The outburst followed a letter from Horizon Holidays to 400 hoteliers telling them that in future it would not send customers to hotels which catered for other than U.K. operators, including Thomson.

Mr. Bryan Llewellyn, Thomson Holidays' managing director, commented: "I think it is us that Horizon is cross with. Next summer they find themselves sharing one or two Spanish hotels with Sky Tours."

In its letter Horizon said it wanted "to offer a certain standard of service for clients and the company." Mr. Llewellyn, in a statement, claimed that Horizon was charging up to £13 more "for precisely the same standards of accommodation."

Thomson claimed a "normal profit margin" on these hotels, given the high aircraft loadings and high hotel occupancy that the company was able to achieve. "Why should the public be obliged to pay more for the holidays than is absolutely necessary?"

GOLD MINES OF KALGOORLIE (AUST.)

The 20th annual general meeting of Gold Mines of Kalgoorlie (Aust.) Limited was held on October 18 in Melbourne.

SIR LINDESEY CLARK, the Chairman, presided and, in the course of his speech, said:

Financial Results: The Company incurred a loss of £373,000 on operations in 1970/71 compared to a profit of £318,000 in the previous year. This loss was a direct result of reduced revenue due to lower grade ore treated and an increase in costs.

The value of the assets at the termination of gold mining operations will be dependent upon the use to which they will be put. If the plant must be broken up for scrap, then the residual value will be far less than if the plant could be used for processing nickel ores which may be found in the district. At this stage, directors cannot predict the value of the assets at the termination of gold mining operations."

The loan from Western Mining Corporation Limited increased to £945,000 during the year. No dividend payments will be made while any part of this loan is outstanding.

Future Developments. Shareholders have been advised by the Board that, at 30th June, 1969, an amount of \$9,715,680 was available for distribution in terms of Section 44 (2)(c) of the Income Tax Assessment Act. However, the written advice as to the amount available for tax-free distribution which had earlier been given to the Company has now been withdrawn by the Commissioner of Taxation.

The Board does not agree with the reasons given by the Commissioner for the withdrawal and is obtaining advice as to how to take the matter further. A statement will be made when this advice is forthcoming but it is not expected at an early date.

Ore reserves: Total ore reserves as at the end of the year were estimated to be 2,747,000 tons averaging 3.9 dwts. per ton. The ore reserves have been substantially reduced at Mt. Charlotte, as it is uneconomic to develop and mine ore at lower levels which had previously been included in reserves."



WESTERN MINING CORPORATION ANNUAL MEETING: HIGHLIGHTS OF CHAIRMAN'S ADDRESS

THE ANNUAL MEETING OF SHAREHOLDERS OF WESTERN MINING CORPORATION LIMITED WAS HELD ON THURSDAY OCTOBER 21ST IN MELBOURNE. SIR LINDESEY CLARK WAS CHAIRMAN OF THE MEETING.



Sir Lindsey Clark

FINANCIAL

Sir Lindsey said that Western Mining Corporation's proportion of consolidated profit for the year ended June 30, 1971 was \$22,214,000.

In arriving at this figure charges of \$12,487,000 had been made against the cash operating surplus of \$34,107,000. These included \$10,189,000 for depreciation and amortisation, and a part of exploration expenditure amounting to \$1,358,000 which had been written off.

The cash operating surplus, together with \$9,273,000 raised from new shares issued, had been used to meet the Company's commitments and capital expenditure programme for the year. Of this combined total, \$4,375,000 had been appropriated for dividends to shareholders, \$3,553,000 had been spent on exploration and \$24,448,000 had been invested in the continued development of nickel operations. Other large items included \$3 million for repayment of the term loan and an increase in working capital of \$6,120,000.

NICKEL OPERATIONS

Production of nickel and further development at Kambalda, Kwinana and Kalgoorlie continued satisfactorily during the year. A recent result was the discovery of a new ore zone. This was approximately 5000 feet south of Gellatly Shoot.

Economic mineralisation had now been found on the northern, western and southern and south-eastern sides of the Kambalda dome. Systematic exploratory drilling of the eastern section had recently begun.

Ore reserves for Kambalda and Paris-St. Ives had increased by over 3 million tons to a figure of 20,566,000, averaging 3.4% nickel.

EXPLORATION FOR NICKEL

The Foster Shoot was discovered during the year in the Cooree ultramafic being the third ultramafic unit in the Paris-St. Ives area to be shown to contain high grade nickel sulphide ore.

Prospecting under Lake Lefroy and in the Paris-St. Ives reserve was still at an early stage, but it was already apparent that this region would be a major source

of nickel sulphide ore. In terms of expenditure to date, exploration had been as successful as at Kambalda.

MINE DEVELOPMENT

In the past year mine development at Kambalda had proceeded at a greater rate than that required to maintain present production.

TOWN DEVELOPMENT

Town development at Kambalda continued. The population of Kambalda was now approximately 4,500.

NICKEL SMELTER

The WMC nickel smelter at Kalgoorlie, designed to produce 20,000 tons of nickel in matte annually, was under construction and should begin smelting early in 1973.

NICKEL REFINERY

The WMC nickel refinery at Kwinana which produces high purity nickel metal direct from its concentrates was operating at steadily increasing efficiency. The refinery would ultimately be capable of producing in excess of 20,000 tons of nickel metal per annum when treating concentrates alone. This figure would be higher when treating a feed of matte and concentrates.

NICKEL MARKETS

In common with most Australian mining companies, Western Mining Corporation had to sell most of its mineral products on world markets. During 1971 there had been a downturn in business activity in the Western world, and this had affected demands for all metals including nickel. Whilst the Company had been largely protected from the downturn in nickel consumption by its long term sales contracts for both concentrates and metal, it was difficult to increase sales at present.

Nickel sales from the Company's mine production in the first half of this year were expected to be lower than in the corresponding period last year and it was expected that the Company's profits for the first half of this year would be less than for the corresponding period last year. There were indications that a significant improvement could be expected in the second half of the year.

WMC was accepted as a depend-

able alternative source of nickel and now provided 7% of the Western world's nickel. Production from Canadian nickel sulphide deposits was expected to reach a plateau in the next few years due to increased costs and declining ore grades. Substantial increases in future nickel supplies depended on recovery of nickel from laterite ores, which, to be economic, depended on very large-scale operations. Higher nickel prices would be required to justify capital investment in such projects.

FUTURE DEVELOPMENTS

With the mine development well advanced, the treatment plant installed at Kambalda, together with the smelter at Kalgoorlie and the refinery at Kwinana, production facilities will have been established as a base for expansion or diversification. Further expansion would be possible with relatively small additional capital expenditure which would be a great advantage when compared with large scale nickel laterite developments.

COAL

The Company had the right to acquire up to 25% interest in the Hall Creek venture. This coal deposit was west of Mackay in Queensland. Reserves of 750 million tons of high grade coking coal had already been indicated.

GOLD

The suspension of operations of Central Nyrconian Gold Corporation N.L. and Gold Mines of Kalgoorlie (Aust.) Ltd. because of rising costs and declining ore grades, at the end of 1972 and in 1973 respectively, marked the end of an era for WMC. Following the recent announcement by the Commissioner of Taxation that the earlier advice of the extent of tax-free profits was now withdrawn, the companies were considering what action to take.

ALUMINIUM

WMC owned 20% of Alcoa of Australia which earned a net profit of \$17,100,000 in 1970, 64% higher than the previous year. An 8% dividend was received, amounting to \$800,000. Alcoa's sales performance had continued strongly in 1971 and the profit expectation was encouraging.

DAVID CHARLES SUMMARY OF RESULTS

FOR YEAR ENDING 30th JUNE 1971

	1971	1970
Turnover	12,132,000	11,003,000
Group Profit before taxation	881,381	725,943
Group Profit after taxation	570,660	382,272
Ordinary Dividends (gross)	259,193	185,000
	(33%)	(30%)
Profit retained	273,967	189,772

- Pre-tax profits 17% up on 1969/70 at £851,000 compared with forecast £810,000. Profit after tax up 49%.
- All trading operations have contributed to the eighth consecutive year of record profit.
- Dividend up from 30% to 33%, twice covered by earnings.
- Current trading is in advance of last year's level in development, construction, and service activities to the construction industry.
- Further increase in profits is predicted with confidence.

Annual General Meeting, Chamber of Commerce House, Harborne Road, Birmingham 15, on Thursday 18th November, at 12 noon.

Full Report and Accounts may be obtained from the Secretary, David Charles Limited, Maypole Lane, Birmingham B14 5JU.



Profits rise to £1.3 million

Extracts from the Chairman's statement for the year ending 31st March, 1971

"Profits for the year show an increase of 56% to £1,309,000... the net asset position has substantially improved... cash on deposit at 31st March was approximately £2.6 million, this has been further improved since the year end by the issue of £5.6 million, Debenture Stock... with its strong liquid position... your company is in an excellent position to consider future acquisitions."

COMMERCIAL PROPERTY DEVELOPMENTS

"Net rental income is just short of £1 million... the current market value of U.K. commercial properties completed or under development now amounts to £19.4 million... the Group has expanded rapidly in Europe with the acquisition of prime sites in France and Belgium."

HOUSEBUILDING

"The Group's housebuilding activity expanded considerably during the year under review... 160 acre site, acquired in City of Gloucester... planning consent for 1000 homes. The Group is now by far the largest house developer in the West Country. By 1980 the Group will have built 8000 homes on an area covering 800 acres."

Copies of the Company's Report and Accounts may be obtained from The Secretary, HERON HOLDINGS LIMITED, Heron House, 19 Marylebone Rd., London N.W.1. 01-485 4477



Growth Continues

Salient figures for year ended	1/5/71	2/5/70	3/5/69
Profit before taxation	2,880	1,719	1,379
Profit after all charges including tax	1,632	922	864
Profits retained	1,110	555	523
Ordinary Dividends	14%†	12%*	13.7%

† Capital increased by 1 for 4 scrip issue October 1970

* Capital increased by 1 for 2 scrip issue October 1969

Extracts from the Statement circulated to shareholders by the Chairman, Mr. A. N. Stockdale

Dairy Division

This division has once again achieved record profits. There were no major acquisitions or alterations to our processing units during the year and the opportunity has been taken to consolidate and prepare for changes that could effect the future. Despite introduction by the government of changes in the Welfare and School Milk Schemes which have had their effect on turnover, increased sales have again been achieved in this division. Emphasis has been given to the development of our manufacturing side in cheese, cream, and other products, bearing in mind the outlets available through our refrigerated van shop service, and superstores.

Meat and Confectionery Division

Our combined manufacturing unit at Lofthouse is now handling 95% of group production of meat and confectionery products, with daily deliveries of perishables to all areas of our retail operations.

The changing pattern of trade away from the small retail shop has developed further during the past year to the extent that currently in excess of 80% of our manufactured output is sold through group superstores. It is anticipated that this trend will accelerate during the year ahead, particularly in the field of customer self-selection to which end much of our manufacturing development work is directed.

Superstores Division

In my last report I commented that 'our trading philosophy had captured the imagination of the shopping public' and such has been the progress made that recent Press comment has referred to the Asda operation as 'the quiet retail revolution'. Your company is now trading in 34 stores, sixteen of which have selling areas ranging from 35,000 to 90,000 square feet, and overall we have retail capacity exceeding one million square feet. This year we have opened six new stores, two of which are situated in the Midlands. A further six stores are at present in course of construction, including a prime site in Edinburgh. All are expected to be operational in the early part of 1972. We are continually seeking suitable sites for development and consider our management structure is sufficiently strong to enable your Company to expand its activities into any area of the United Kingdom.

Prospects

Growth continues in the existing superstores and we are poised to take advantage of the additional public spending power which should eventually arise from the government's recent measures. Benefits from the considerable capital expenditure during the past three years in the Dairy and Meat and Confectionery divisions are already beginning to accrue, and I am confident that we have embarked on a further successful year.

At the Annual General Meeting held on 27th October, a resolution giving effect to a Bonus Issue of 1 Ordinary Share for every 4 held was approved.

Associated Dairies Ltd., Craven House, Kirkstall Rd., Leeds LS3 1JE



The banking game-how Charterhouse can help you score from baulk.

If you're running a company, you've certainly got at least one bank - probably one of the "Big Four" clearing banks, and very good they are.

So why should you need a merchant bank like Charterhouse Japhet as well?

There are really three reasons.

Firstly, it's not a bad idea to have two strings to your bow. Credit's easy just now, but it hasn't always been....and it won't be again. When you need an alternative source of finance, we can very often find ways, as our customers well know.

Secondly, we know an exceptional amount

about overseas trading. That's what merchant banks were originally for. And ever since we started in 1880 that's been one of our strongest points.

We advise on the complexities of foreign business as a matter of routine, and through a comprehensive overseas network we handle all methods of trade finance.

Our foreign exchange department is well equipped to deal with unexpected hazards (like floating exchange rates) and can challenge anyone for speed and flexibility.

Which leads us to the third point: Personal service. We're small enough to know our customers

personally, and to take the initiative if action is needed.

All in all, we think you'll find we can act as a really helpful banking partner. The kind you need to help you score in the banking game.

If you think we could help you, get in touch with Michael Levene at Charterhouse Finance Corporation at 01-248 3999. Or if you're in the Midlands ring Ralph Sammel at 021-236 4936.

Charterhouse

The Charterhouse Group Ltd, 1 Paternoster Row, St. Pauls, London EC4P 4HP.

BOOKS

Moguls at work

BY DAVID FISHLOCK

Public Affairs by C. P. Snow. Macmillan, £3.00. 224 pages.

Snow the essayist has the style of an urbane and reasonable observer. In the late 'fifties he pointed out a curious anomaly, peculiar to this country, in the academic structure of Britain. The nation's best brains were polarised into two camps, separated by "a gulf of mutual incomprehension—sometimes (particularly among the young) hostility and dislike, but most of all lack of understanding."

The camps, of course, were those of the literary intellectual and the scientist. Snow, anxious to keep a foot in each rather than commute across the wilderness of o-m-a-g's land, also recognised how wasteful and pointless the polarisation was. In particular, it devalued the type of brain on which Britain, as a highly industrialised nation, would become increasingly dependent for its income as competition grew fiercer—to the ultimate disadvantage of the opposite camp.

His two-cultures thesis, however, moved one of the moguls of the literary camp—ironically enough, from his own university, Cambridge—to make a spirited response. The substance of that response was that the matter should never have been raised and, anyway, Snow was not the man to raise it.

The style of F. R. Leavis's acid assault was one known and appreciated in the literary camp but not among the scientists. (Although, to be fair, it is not so long since a scientist's ability to defend his thesis depended, in part, on his prowess with a walking stick.) But Snow found it hard to engage in a debate with Leavis, for, as he puts it, "I can't trust him to keep to the ground rules of academic or intellectual controversy." So he simply refused to join battle.

Of course, an important part of Leavis's argument rests with his ability to see people's opinions starkly as good and bad, and to say which is which in terms that, in a political context, would probably be called inflammatory, and elsewhere shattering. In certain simplifications life in some ways. According to Snow, he goes further, flouting the ground rules of serious discussion by misquotations and

Fiction

Man shapes his world

BY ISOBEL MURRAY

The Scorpion God: Three short novels by William Golding. Faber and Faber, £1.75. 178 pages.

Sunlight On Cold Water by Françoise Sagan. Widenfeld and Nicolson, £1.75. 183 pages.

The Harbours Room by L. P. Hartley. Hamish Hamilton, £1.50. 131 pages.

Strange Meeting by Susan Hill. Hamish Hamilton, £1.75. 224 pages.

Sound The Retreat by Simon Raven. Anthony Blond, £2.00. 224 pages.

Although *Envy Extraordinary*, the third novel in *The Scorpion God*, was published as long ago as 1956, William Golding has characteristically contrived to match and juxtapose these three novels so that each throws light on the others. They also have characteristic themes: they involve people, whether primitive or sophisticated, who impose a peculiarly human vision of reality on nature and circumstances; each involves leaders in the possibility of change; and each turns on exploration of the situation and the question of change.

The first novel, *The Scorpion God*, is told from a steadily neutral point of view. The reader only gradually begins to learn the full implications of the Nile community where the

God Great Horse holds up the sky, and runs ceremonially to make the river rise. When Great Horse fails to finish his run, or to succumb to his daughter's wishes, he has to die. Everything is ceremonial, formal, beautiful, ruled by a religion that gives meaning to every action. Cracks in the structure are shown by the destined successors, the half-blind boy-prince who rejects godhead and wants to be a girl, and his beautiful sister, Pretty Flower, whose great obesity is a non-accidental love-love for a no-nonsense, her father's liar. But it is the liar on whom the tale centres: the Lier tells stories of an outside world which seem manifestly absurd, but the Lier exemplifies reason and even cunning. He rejects a beautiful death in the tomb of his master—his obscurity is to prefer this life. But as the frieze-like pageant develops, it becomes a complex pattern: Golding has forced a new point of view on his readers: we know the Liar speaks true and points forwards, but his qualities include grovelling cowardice and extreme selfish cruelty. The new world the Liar will create will lack much of the beauty of the old. In *Clonk Clonk* the possible change does not occur. The community is a very much more ancient one, ruled by the moon and the magic of names. Men read only gradually begins to learn the full implications of the Nile community where the

entire easy emotions; the women appear their slaves but are superior in knowledge and tactics. Imperfect babies are consigned to the river, but one—Charging Elephant—is overlooked, and is a man among graceful hunters. Because of this he is mocked, called Chimp, and excluded from the herd, experiencing loneliness, an unknown state. When circumstances bring him to Palm, the Namer of Women, change is possible precisely because of their imperfections—his ankle, her craving for alcohol, and these strain against all the given assumptions. The rendering of Chimp's consciousness is a tour de force comparable to the triumph of *The Inheritors*.

Envy Extraordinary is familiar already as fiction and as the play *The Brass Butterfly*, and familiar as really witty comedy. Placed third here, its comedy is muted although not extinguished. Its lesson is that changes are almost always for the worse. The Roman Emperor and his people cannily reject such outrageous innovations as steamships, artillery and—prior books. The Emperor is a ultra-sophisticated and urbane, and his ready wit is the only suggestion: his victory is never seriously in doubt, but the rejection of the inventions, however hilarious, is not finally sufficient to the simple fact of the world's progress. For his part, the Emperor is as ambitious and as egotistical as the best of Golding.

And it is hard to be a well-known writer who publishes in the same week. Golding is a Colossus, and makes the others seem petty men. I have read his book three times, and now I want to read it again. But when I say that the rest of this week's novels are very readable, I mean that they passed time agreeably, and moved me at times, but that I shall not wish to reread them in the foreseeable future. In *Sunlight On Cold Water*, Françoise Sagan has produced a study of a love affair between a weak man and a remarkable woman, and although it holds the attention and contains some acute insights, it fails to achieve its object because the hero is not fully realised. *Mlle. Sagan* is a mistress of detail, whether of the symptoms of Gilles' breakdown or the progress of his love affair, but his consciousness is never integrated.

L. P. Hartley's recent books have not nearly reached his own earlier standards. *The Harbours Room* is another treatment of an adolescent boy in his competent enough, but slight and disappointing from the creator of *Eustace and Hilda*, or *The Go-Between*. Susan Hill and Simon Raven have both produced very readable novels about young men as soldiers. *Strange Meeting* is a touching study of friendship amid carnage in the Great War, and it is a solid piece of work. For his part, Simon Raven can hardly justify the ponderous importance he bestows on his *Alms For Oblivion* series: centring on officer cadets in the last days of British India, *Sound The Retreat* is well-observed and often funny, but quite definitely lightweight.

A new religion has been created out of the fears and insecurities of modern management. Its high priests are the accountants, and its chief wizard is the consultant. This incisive book shows management in a new and entertaining light, nonetheless its message is serious—that to understand the real nature of management is a first step towards progress.

Longman

Grandiose failure

BY C. P. SNOW

Winston S. Churchill, Volume III 1914-16 by Martin Gilbert. Heinemann, £4.50. till January 1, then £5.00. 397 pages.

Mr. Martin Gilbert has taken over Randolph Churchill's monument of a biography and is obviously going to do it splendidly. Better maybe than the original author: he allows himself rather more comment, he is less in the shadow, and, like Dr. Cameron Hazlehurst on Lloyd George, he is not so much in the shadow of the original author. This third volume, he is as Mr. Roy Jenkins recently observed of these young historians, freer from the "conventional wisdom" than those who knew the star figures either first hand or from close second-hand reports. There are, of course, certain losses in intimacy, when one hasn't heard the gossip or breathed the contemporary air; but it is a high probability that Mr. Gilbert and Dr. Hazlehurst between them will give a juster analysis of 1914-16 than anything the participants gave, or those who have listened to participants.

In form, Mr. Gilbert has followed Randolph Churchill's pattern, letting the subject of the biography speak in his own words, his own remarkably large output of words, leaving out, so it seems, none of his contemporary material so far discovered. This has, from the beginning of the work, meant that the biography is going to run to grandiose length. Too grandiose, probably, to sustain interest or give enrichment over the detailed documents of the war, but it is a life-time, a man must have had a quite abnormal deep and variegated inner life. Men of action didn't often have an exception, an extremely rare one, and Churchill hadn't. He doesn't seem to have altered developed much. His obsessions in the First War are remarkably similar, and often expressed in very nearly the same words, to those we knew in the Second. There is even as early as his third volume, a certain continuity in his utterances. It is only when failure and humiliation bit him that we are close to his living soul.

1914-16 was the time of his greatest failure, and Mr. Gilbert is lucky to have taken charge of the biography at this point. 1914-16 also increasingly begins to look as the climax of England's power and fortunes. The power bed, in fundamental terms, begun to decline much earlier, something like 1880, but the appearance and function of the power remained. After 1916 it was all downhill.

Looking back at 1914-16, we are all inclined to ask whether things could have gone differently: was there a chance that, with better luck and insight, we could have prevailed for another couple of generations. This questioning has come to invest 1914-16, the war itself, the Dardanelles, the passionate closed politics of 1916, with a symbolic aura, rather, curiously enough, like the symbolic aura which, for survivors of the old Habsburg empire, came to be invested round the place-name Mayerling. Societies at the point of imminent decline tend to do most things wrong, and ours duly did. It wasn't for want of ability. Asquith was a very able presiding chairman for a going concern: Lloyd George was a politician of

(he talked a great deal more than any of his colleagues). His inventiveness wasn't appreciated. Hankey, who in his own driest mind hadn't much regard for him either then or later, used to admit that he had a value in the first weeks of the war. He was the only one of them who was ebullient and optimistic, and so could keep the others' spirits up. He was the only one who positively enjoyed the war. There is no doubt about that: he said so himself. There is no doubt also that he saw it as a chance for great power and glory.

These glowing hopes led him, within a catastrophically short time, into the bitterest disappointment of his life. As a concept—which wasn't originally

of securing it. It was here that his egoism let him down: like a good many egoists, he was a capsule of forming detached judgments of the people round him: it was pretty foolish to bring back Fisher as First Sea Lord. What was worse, he was incapable of noticing what these people thought about himself, and how they were going to react. His wise and perceptive wife, still a very young woman and severely tested, often told him what they were thinking; but he had no nose for danger, he believed that his own righteousness, so evident in his own mind, was equally evident to all his colleagues—who wanted, with singular unanimity, just one thing to get rid of him, or at any rate push him out of earshot. When Asquith in May 1916 told him that he would have to leave the Admiralty, he was the most stupefied man in England. He couldn't accept it. For days and weeks he went on writing arguments why it was unjust, unthinkable, that he should be sacked.

Afterwards he behaved with his customary flawless physical courage, going for a spell as a front line soldier; but, except in terms of physical courage, his response to humiliation was the reverse of tight-lipped. He bombarded everyone, friends, opponents, enemies, with demands for vindication. A full inquiry into the Dardanelles—that was his repetitive cry. It seemed to him the most important thing in the world. To the political leaders, busy, however ineffectively, in trying to organise the war, it didn't seem so important. He had the slightest chance of getting it. So often unrealistic, here he was more realistic than ever in his life. His wife, whose judgment was impeccable except in one thing (she didn't realise that Lloyd George was his one possible benefactor, as happened in 1917), advised him with loving concern, frightened of his lack of balance, to keep quiet and stay with his battalion in France. Even to her, he wouldn't listen.

At his most obsessed, he listened only to himself. Some of his private outbursts in his letters to her are nearer to the driving impulse of his nature than anything in the first two volumes of the biography. January 19, 1916, 6.00 in the evening: "A bad hour for me. I feel the need of power as an outlet worst than; and the energy and body is strong within me."

A fortnight later: "You must not suppose that any of my depressions here have any relation to those terrible and reasonless depressions which frighten me sometimes. I sorrow only for real things, for great enterprises cast away needlessly and wantonly. For not having the power which I could use better than any living Englishman to determine the war policy of Britain."

At the end of 1916, Lloyd George, not daring yet to recall him to the Government, none of those appeals had been answered. Churchill was still frustrated, impatient. Every day that he dined had been taken from him. He was 41.



"Full Steam Ahead": cartoon of Churchill by Poy, August, 1914

genius, but even he couldn't begin to get a total grip upon the war. Churchill believed, apparently to the end of his life, that if anything like that total grip had been granted to him, the war would have been won quickly and most of the price, both at the time and subsequently, wouldn't have had to be paid. But that was never on: if it had been, the evidence cumulated suggests that his calculations—of rather, his inability to make realistic calculations—would have gone as much astray as anyone else's.

It is to be remembered that in 1914 he was not yet 40. As First Lord, he was a senior minister, but in palpable esteem he hadn't yet established seniority. Asquith and Lloyd George, the only people who could guard his career, viewed him with something like amused indulgence, although they were getting worn down by his devouring egoism and, in cabinet, by his harangues

his—the Dardanelles was strategically sound. But it needed the most exact logistic and tactical thinking for all the pieces to come right. A combination of Lloyd George and Hankey, the only cool-headed military thinker we possessed in 1914) might have set it going. In fact, though they each wanted a way round the western front impasse, they happened to be reserved about this one. And they would have needed competent and convinced support from the War Office and Admiralty, which meant, in the curious personal rule of those days, Kitchener and Fisher. That even Lloyd George's skills would not have been likely to secure.

Churchill, when he became committed to the Dardanelles in whatever shape or form (first the Navy with military support, then the Navy alone, then the combined operation again) never had any realistic chance

Post mortem

BY CHRISTOPHER JOHNSON

Memoirs of Hope by Charles de Gaulle. Translated by Terence Kilgallen. Widenfeld and Nicolson, £3.25. 392 pages.

General de Gaulle, like Harold Wilson, regarded his memoirs as an exercise in self-justification. Both men displayed a rare talent for not noticing what was in his office, but neither was prepared to admit mistakes once out of it. The consistency of principle to which each laid claim in retrospect will not stand up to either the evidence of the journals or the scrutiny of history.

There the parallel must end. De Gaulle's thoughts moved on to a lofty plane which made them immune to the petty, the ordinary French, let alone the Anglo-Saxon tongue to which he was so antipathetic. Mr. Kilgallen's efforts are as heroic as the book itself, even if he does occasionally lapse into such Francophony words as "electro" and "genetrix." But de Gaulle, as he aged, tended increasingly to pile up Biblical metaphors of names of the Colossus, and the reader's achievements of his regime in lurid cadences of propaganda. Some of the snap, crackle and pop of his war memoirs has gone.

De Gaulle was a master of the significant tautology, as when he wrote that "in an industrial era (France) must be industrial." His Anglophobia was combined with a mystic reverence for the British Royal Family, in such a way as to illustrate the mystic. "In that station to which God has called you," he told the Queen, "be who you are, Madam; that is to say the person in relation to whom, by virtue of the principle of legitimacy, everything in your kingdom is perceived, in whom your people believe, in whose nationhood, and by whose presence and dignity the national unity is upheld."

It is a pity that de Gaulle did not live to finish his second trilogy. This book covers the period from 1958 to 1963. This was the period of his maximum achievement, when he set France on her feet again, gave her a new Constitution which looks as if it may survive his death against the odds, and solved the Algerian problem. But even in the period which he covered in these memoirs, he rewrote history to his own greater glory. He claimed to have been in favour of Algerian independence all along, and explained away his use of the phrase "Algerie Française" in 1958 by an unconvincing sophistry. In fact, it was only after four years of continued guerrilla warfare and many weary months of hard bargaining

ing that he finally conceded what the Algerians were fighting for. Had he been convinced of the case for independence when he came to power in 1958, he could have achieved it by good deal sooner, at no greater cost in bloodshed and attempted coups d'état.

The self-portrait which he would like to leave to history is summed up in his last sentence: "What is good for the nation is not achieved without disapproval from public opinion and losses in elections." (A sentence to which Mr. Edward Heath, not a man to underestimate de Gaulle, would doubtless subscribe.) The reality was more complex, and in some ways no less flattering. For an authoritarian ruler, de Gaulle was amazingly sensitive to public opinion, particularly on domestic economic and social matters, and he was allowed by Ministers more room to manoeuvre than on foreign policy and defence, on which he left himself more room to manoeuvre than would be apparent to any reader of these memoirs. His death has also deprived us of his account of how, all along, it had been his intention to get Britain into the Common Market under the leadership of the very shrewd Edward Heath.

Thriller

Nemesis by Agatha Christie. Collins, £1.50. 356 pages.

After the disappointing, but inevitably best-selling *Passenger to Frankfurt*, here is the new, *Six Agatha Christie*; and the *Mistress of Mystery's* admirers will be delighted to find their favourite author back on top of her form. Miss Marple is back with her, and though the doctors have forbidden her to do any strenuous gardening, and though her bones creak a little, the lady of St Mary Mead is as keen-eyed and sharp-witted as ever.

Agatha Christie, as we called Christians? will remember a Miss Marple adventure published some years ago and entitled *Caribbean Mystery*, in which the anticlerical, capricious and extremely rich Mr. Raffle played an important role. Well, Mr. Raffle is now dead, but from beyond the grave—through a typical Christie legal firm—he sets Miss Marple a puzzle and sends her on a journey. Knitting needles and pink wool at the ready, she sets off and unravels the problem as deftly as she knits a woolie. This is the usual, firmly and economically drawn gallery of minor characters, and there are the usual, cogent bone truths. Gardeners will not agree with Miss Marple's sound views on polygamy (page 242). W. W.

Marketing notes

BY ANTONY THORNCROFT

HOW MANY ADS. DO YOU NEED?

IT IS an unfortunate fact of life that companies only get down to basic research when they feel wealthy. So it is not really surprising that some rather important media research should come out of West Germany, from the Axel Springer Publishing Group, rather than from British publishers.

The investigation cost the company £60,000 and delves into response functions—which means the accumulated effect of advertisements upon readers and viewers up to the point that the observer feels he has got the message and the advertisement starts to be counter-effective and a waste of money. It is obviously vital for advertisers to know when their advertising campaigns have passed their moment of maximum impact.

In the past there had been investigations into this problem but usually by one advertiser or agency into a single product. Leo Burnett-L.P.E., for example, has conducted such research for the Alfa Romeo but there was no guarantee that the resultant curve could be applied to any other analogous. The research undertaken by an independent company, the Axel Springer Group, covered a hundred grocery products in ten product fields, and accounted for a high proportion of German advertising expenditure.

There are two surprises from the results. The first is that any generalisation could be made on this subject. In fact the products followed rather identical response curves. The other surprise is that instead of a steep initial rise after the first few exposures followed by a steady decline, there is, in effect, a swish in the tail. After a time there comes a period when effectiveness rises very rapidly even if there are relatively few exposures. Only later, after anticipated "saturation" phase.

The research only relates to brands which are more heavily advertised in the Press than on television and so far the information collected about the import-

ance of colour ads and similar in journals has yet to be released. But the basic data will be made available to British advertisers and agencies next month by Peter Masson and Partners who are acting as consultants to Axel Springer in its good-will publicity venture. The data costs nothing but probably will make advertisers more interested in using the Press and Axel Springer's publications.

WHITE HORSE WILL TAKE YOU ANYWHERE

It does not take great power of prophecy to predict that the drinks trade will soon become as inundated with promotions as the petrol forecourts currently are. It has already started with Watneys, this week offering tankards signed with its (facsimile) autographs of its famous figures as Nelson, Drake at a cut price premium buyers of a pint in its George's Taverns.

Now comes White Horse with the first Disasters Company whisky competition. Any man who buys a bottle of White Horse from November 1 can enter for a first prize of five days' holiday anywhere in the world—China even. Of course, with only 5 per cent of whisky drinkers actually specifying the brand of whisky they wish to drink, the main aim of the promotion is to get retailers to stock the display material, which goes with the competition.

The company estimates that 13,000 off-licences will carry the "You can take a White Horse anywhere" point-of-sale support placards and in the run up to Christmas it anticipates that many more people will be naming White Horse, which is already the best-known whisky in the market in terms of brand recall.

To win the competition, contestants have to give the 18th century names for various countries, and are given an old map as an aid. The material has been prepared by The Sales Machine.

A strange device for supermarkets

NEXT month, managers in some J. Sainsbury supermarkets will be introduced to a small electronic gadget which will help them with their stock control. It is basically a data capture device which records on tape the stock position of every line in the shop. The manager (or his assistant) passes along the shelves, reads the codes which will be attached to each item, and press buttons if the stock is low. He then goes to the stock room, presses some more buttons to cancel out the lines that can be immediately supplied on the premises, and a tape of the final out-of-stock picture is transmitted through the telephone straight on to the company's computer centre.

It should halve the amount of time spent on stock-taking (from 8 hours, say, to 4) and reduce, through better ordering, the period it takes a supermarket to turn over its stock from the current five or more weeks of certain badly-run supermarkets chains to under two. And since surplus stock can be tying up millions of pounds of capital over a year there should be more than enough financial benefits to cover the cost of the gadgets (£750 each) in two years at the most. That at least is the claim of the manufacturer, MSI, an American company which has been selling the equipment in Europe since May.

Soon on test

In the U.S., MSI is the market leader and electronic ordering systems are widely accepted. Over 8,000 supermarkets use them and MSI has already persuaded the big Belgian chain, Grand Bazar, to introduce the system in most of its stores in Europe. In most other countries they will soon be on test, and in the North of England a cash and carry and a discount store have committed themselves to trials. The managing director, Bob Gilkes, is to get one major chain to accept them in each market and be sure after that the selling job will have been done for him.

With margins under pressure, the leading supermarket companies are obviously reluctant to spend over £100,000 kitting out their stores with what would be their first place of electronic equipment. But many might be swayed by the American experience where margins are even slimmer, but where the ordering system usually manages to save considerable man hours, facilitates procedures at the supermarket's central warehouses, and streamline deliveries to the store. In the U.K. only a couple of supermarkets are really conscious of the 5,000 or so lines ability of the gadgets such as this force them to think about inventories and margins.

There is just one other point about electronic ordering systems. MSI is working on a process that will basically replace it—automated check-outs. A lot of money has already been which have attempted to code packs and use scanners to code check-out as the inventory point at least five years before workable automatic check-outs are able to become common which is a reasonable operational life span for the ordering systems. And as also has other uses. Procter and



Gamble is interested in an application for their salesmen by they can automatically down orders and immediately transmit them back by phone to the head office computer. There is an obvious advantage in hypermarkets, and in one company has been persuaded enough shelf space to introduce the system to introduce a line of promotion. Gondolas. So what may look like a rather incidental super accessory could become a useful device, and in an area where current losses are certainly greater than is usually realised.

AGENCY NEWS

Another big name to move is Monsanto Textiles. The company and its agency Collett, Dickenson Pearce have agreed "mutually" to part at the end of the year. The decision was reached after talks lasting several months. Monsanto has a list of 3 agencies and a choice is expected fairly quickly.

W. S. Crawford has gained the Camp Goff account as well as new product work for the company R. Patterson. This plan Cosmo Tours and Aristos (last of Courtaulds) brings new business worth £400,000 to the agency in the last 3 months. From January 1, Davidson Pearce Berry and Spottiswoode will act for Chesham House. Brands involved are Vaseline, Odonoro deodorants, Q Tips, cotton swabs and "sewing development products." The next year is put at some £500,000 and the assignments: the agency business acquired by the agency since August to about £250,000. Other CP products, Ponds, Coty, Angel Face, Prince Matchabelli and several development brands have been placed with Davidson Pearce Berry and Spottiswoode. The Rupert Ketchum Group has joined the agency. And as also has other uses. Procter and



MANAGERS AND MAGIC

Graham Cleverley

John Jensen

A new religion has been created out of the fears and insecurities of modern management. Its high priests are the accountants, and its chief wizard is the consultant. This incisive book shows management in a new and entertaining light, nonetheless its message is serious—that to understand the real nature of management is a first step towards progress.

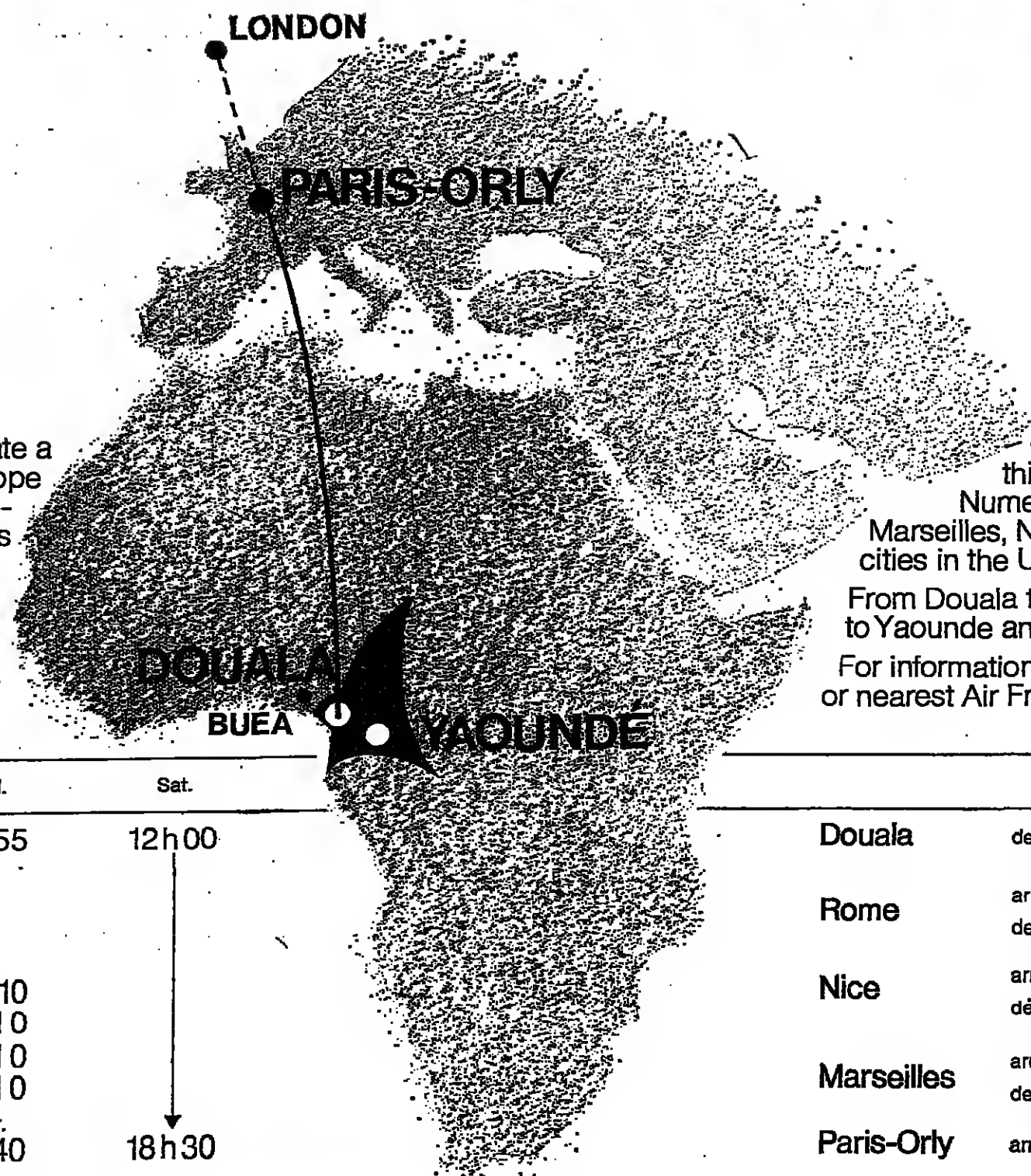
Longman

Cameroon Republic announces Cameroon Airlines



Starting on Tuesday 2nd. November

Douala three times a week



Cameroon Airlines, a new airline, will operate a regular long distance service between Europe and the Cameroon by Boeing 707 Intercontinental. It will connect with domestic flights and flights to other African States.

Douala three times a week.

Starting on 2nd November 1971 Cameroon Airlines will operate a service three times a week from Paris (Orly) to Douala:

one direct flight; one via Marseilles, and the third via Nice or Rome.

Numerous connecting flights are available to Orly, Marseilles, Nice and Rome from London and other major cities in the U.K.

From Douala there will be immediate onward connections to Yaounde and other provincial towns.

For information and reservations contact your Travel Agent or nearest Air France Office.

		Tue.	Wed.	Sat.
Paris-Orly	dep.	22h 15	19h 55	12h 00
Marseilles	arr.	23h 30		
	dep.	00h 20		
		Wed.		
Nice	arr.		21h 10	
	dep.		22h 10	
Rome	arr.		23h 10	
	dep.		00h 10	
			Thur.	
Douala	arr.	06h 00	05h 40	18h 30

		Wed.	Thur.	Sun.
Douala	dep.	10h 15	10h 15	10h 15
Rome	arr.		15h 45	
	dep.		16h 35	
Nice	arr.		17h 25	
	dep.		18h 10	
Marseilles	arr.			
	dep.			
Paris-Orly	arr.	16h 45	19h 30	16h 45

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BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 27

FURTHER SHARP losses hit Wall Street today, and major stock prices were down as much as 3 per cent. The Dow Jones Industrial Average fell 8.98 points to 839.58, and the S&P 500 fell 1.14 points to 271.14. The NYSE volume was 1,119,000 shares, and the market was down 13.48 points.

The Dow Jones Industrial Average opened 3.41 down at 843.99, and further declined to 839.58 for a net fall of 4.41, while the NYSE All Common Index fell 1.14 to 271.14. The volume was 1,119,000 shares, and the market was down 13.48 points. The penetration by the Dow Jones Industrial Average below 840 was a disappointing guide line. Some observers were distressed that the list, after holding slightly above 840 all morning, had not only failed to rebound, but also fell below 840. The news background remained relatively unchanged. Investors were still cautious in the face of the unknown about the Administration's Phase Two economic policy.

After Oils dominated trading and turned in a mixed performance. Volume leader Amerasia-Hess closed unchanged at \$43.47, after rising to \$43.75. British Petroleum, another active issue, also ended unchanged at \$31.41. Among Oils reporting higher third quarter profits, Standard of California dropped \$2 to \$54.31, and Getty shed \$1 to \$77. In Blue Chips, Westinghouse fell \$2 to \$53.11, despite plans for a two-for-one stock split. Dupont lost \$1 to \$17.47. Allied Chemical shed \$1 to \$27.11. John Hancock fell \$1 to \$41.11, and Owens Illinois declined \$1 to \$46.11. "Glamour" issues generally closed on the downside. Corning Glass dropped \$1 to \$17.11. IBM fell \$2 to \$267. Xerox gave way \$1 to \$111.11. Levitz Furniture declined \$2 to \$107.11. Honeywell fell \$1 to \$107.11. Disney gained \$1 to \$107.11. Polaris edged up \$1 to \$90.11. Steels also retreated, following reports from major producers that third quarter earnings were lower or in the low range. U.S. Steel dipped \$2 to \$27.11, after reporting a loss for its third quarter.

On the active list, Merriott dropped \$1 to \$45.11. Fleetwood Enterprises fell \$1 to \$24.11. American Smelting lost \$1 to \$17.11. Boise Cascade and Electronic Memories each had small gains. A stock near sold for \$175,000, down \$10,000 compared with a sale yesterday. Current price \$155,000-\$159,000. Prices dipped sharply on the American S&P, when the index dropped 24 points to 271.14. The index had advanced seven to two in a volume of 3.6m. (3.05m) shares. On the active list, Champion

Boods were quietly shifted. STOCKHOLM—Still irregular. SWITZERLAND—Markets eased in light trading. Swissair Bearer, however, continued to improve. Banks lost and individuals were narrowly mixed. Rally lost Frs.30. Insurances declined, while Foods and Chemicals showed small losses. Nestle Bearer further declined Frs.21. State Bonds were barely steady. The Foreign sector was fairly active. Dollar stocks generally weakened, with IBM and Control Data depressed. German and Dutch shares closed slightly mixed. GERMANY—Markets weakened, with the downward trend aided by the BASF statement that a drastic cut in dividend for 1971 must be expected. In leading Chemicals, BASF shed \$1.70, while Hoechst declined \$1.70. Among Electricals, AEG lost \$1.40 and Siemens shed \$1.10. Banks again declined, with Deutsche Bank losing \$1.20, Dresdner Bank \$1.10 and Commerzbank \$1.10. Motors also shared the downward trend, led by BMW

which fell DM5. Volkswagen lost DM4.80 and Daimler Benz DM4.50. Bonds in contrast continued very steady, with Public issues gaining up to 1 points. BRUSSELS—Easier, although some popular issues were resistant to firmer. Trading was slack. Sofina, Ste. Generale, Cockerill, Albedin and American Petroleum shed. Advanced, but Union Miniere, Sibelco, Sogefi, Lippens, Candellier, Gevaert, Solvay and Katanga also dipped slightly. Golds were mixed in generally lower Foreigners, although De Beers improved. General advanced on its third quarter results. PARIS—Hesitant close after a slightly higher opening. But Banks and Financials held their gains, notably Localail and Cie Banc. Alere, which was expected to be a takeover bid. Among Electricals, except CFP which dropped back Frs.5. Stores and Chemicals were very steady, but Pechiney eased slightly on its lower third quarter profits. Chiers rose in Steels. Other sectors were mixed, with

FOREAL recovering Frs.24. Ferodo was weak on its slightly lower six-month earnings. German, Dutch and U.S. stocks were weak, except Uipolier which resisted. Moranda dropped back in Minings. Belgians held steady. OSLO—Industrials were irregular, while Shipings and Banks were barely steady. VIENNA—Irregular trend. Some Machinery issues were firmer. Banks were little changed while Insurances were weaker. COPENHAGEN—Uncertain in moderate trading. AMSTERDAM—Quietly mixed. AKZO, Hoogovens and Philips each lost some ground, but Unilever and Royal Dutch each edged higher. Investment Funds and Insurances eased. Other sectors were mixed. JOHANNESBURG—Most sectors were harder. Golds retreated to London buying, which was also reflected in Mining Financials and Properties. De Beers rose 6 cents, while, in Platinum, PF Rust put on a couple of cents.

Industrials tended to follow the general market tendency. TOKYO—Easier in limited trading. The Nikkei 225 rose 10.58 points to 2,496.90. The Dow Jones Industrial Average fell 8.98 points to 839.58. The NYSE All Common Index fell 1.14 to 271.14. The volume was 1,119,000 shares, and the market was down 13.48 points. The penetration by the Dow Jones Industrial Average below 840 was a disappointing guide line. Some observers were distressed that the list, after holding slightly above 840 all morning, had not only failed to rebound, but also fell below 840. The news background remained relatively unchanged. Investors were still cautious in the face of the unknown about the Administration's Phase Two economic policy.

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Bank Rate 5% (Sept. 3, 1971) Exchequer disbursements over and went as low as 3 per cent. Discount houses met with a revenue payments was in the 31 per cent by the close. good supply of credit yesterday, partly offset by the Treasury bill and the authorities sold a large amount of Treasury bills to banks. The ruling rate for secured day-to-day loans was soon down from 4 1/2 per cent. An excess of from 4 1/2 per cent. and 4 per cent.

Local authorities and finance houses seven-day notes, other seven-day fixed. Three-month 8 1/2 per cent, four-month 7 1/2 per cent, and five-month 7 1/2 per cent. For prime paper, buying rate for 30-day bills at 4 1/2 per cent, and for 60-day bills at 4 1/2 per cent. For 90-day bills at 4 1/2 per cent, and for 120-day bills at 4 1/2 per cent. For 150-day bills at 4 1/2 per cent, and for 180-day bills at 4 1/2 per cent. For 210-day bills at 4 1/2 per cent, and for 240-day bills at 4 1/2 per cent. For 270-day bills at 4 1/2 per cent, and for 300-day bills at 4 1/2 per cent. For 330-day bills at 4 1/2 per cent, and for 360-day bills at 4 1/2 per cent. For 390-day bills at 4 1/2 per cent, and for 420-day bills at 4 1/2 per cent. For 450-day bills at 4 1/2 per cent, and for 480-day bills at 4 1/2 per cent. For 510-day bills at 4 1/2 per cent, and for 540-day bills at 4 1/2 per cent. For 570-day bills at 4 1/2 per cent, and for 600-day bills at 4 1/2 per cent. 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For 11,310-day bills at 4 1/2 per cent, and for 11,340-day bills at 4 1/2 per cent. For 11,370-day bills at 4 1/2 per cent, and for 11,400-day bills at 4 1/2 per cent. For 11,430-day bills at 4 1/2 per cent, and for 11,460-day bills at 4 1/2 per cent. For 11,490-day bills at 4 1/2 per cent, and for 11,520-day bills at 4 1/2 per cent. For 11,550-day bills at 4 1/2 per cent, and for 11,580-day bills at 4 1/2 per cent. For 11,610-day bills at 4 1/2 per cent, and for 11,640-day bills at 4 1/2 per cent. For 11,670-day bills at 4 1/2 per cent, and for 11,700-day bills at 4 1/2 per cent. For 11,730-day bills at 4 1/2 per cent, and for 11,760-day bills at 4 1/2 per cent. For 11,790-day bills at 4 1/2 per cent, and for 11,820-day bills at 4 1/2 per cent. For 11,850-day bills at 4 1/2 per cent, and for 11,880-day bills at 4 1/2 per cent. For 11,910-day bills at 4 1/2 per cent, and for 11,940-day bills at 4 1/2 per cent. For 11,970-day bills at 4 1/2 per cent, and for 12,000-day bills at 4 1/2 per cent. For 12,030-day bills at 4 1/2 per cent, and for 12,060-day bills at 4 1/2 per cent. For 12,090-day bills at 4 1/2 per cent, and for 12,120-day bills at 4 1/2 per cent. For 12,150-day bills at 4 1/2 per cent, and for 12,180-day bills at 4 1/2 per cent. For 12,210-day bills at 4 1/2 per cent, and for 12,240-day bills at 4 1/2 per cent. For 12,270-day bills at 4 1/2 per cent, and for 12,300-day bills at 4 1/2 per cent. For 12,330-day bills at 4 1/2 per cent, and for 12,360-day bills at 4 1/2 per cent. For 12,390-day bills at 4 1/2 per cent, and for 12,420-day bills at 4 1/2 per cent. For 12,450-day bills at 4 1/2 per cent, and for 12,480-day bills at 4 1/2 per cent. For 12,510-day bills at 4 1/2 per cent, and for 12,540-day bills at 4 1/2 per cent. For 12,570-day bills at 4 1/2 per cent, and for 12,600-day bills at 4 1/2 per cent. For 12,630-day bills at 4 1/2 per cent, and for 12,660-day bills at 4 1/2 per cent. For 12,690-day bills at 4 1/2 per cent, and for 12,720-day bills at 4 1/2 per cent. For 12,750-day bills at 4 1/2 per cent, and for 12,780-day bills at 4 1/2 per cent. For 12,810-day bills at 4 1/2 per cent, and for 12,840-day bills at 4 1/2 per cent. For 12,870-day bills at 4 1/2 per cent, and for 12,900-day bills at 4 1/2 per cent. For 12,930-day bills at 4 1/2 per cent, and for 12,960-day bills at 4 1/2 per cent. For 12,990-day bills at 4 1/2 per cent, and for 13,020-day bills at 4 1/2 per cent. For 13,050-day bills at 4 1/2 per cent, and for 13,080-day bills at 4 1/2 per cent. For 13,110-day bills at 4 1/2 per cent, and for 13,140-day bills at 4 1/2 per cent. For 13,170-day bills at 4 1/2 per cent, and for 13,200-day bills at 4 1/2 per cent. For 13,230-day bills at 4 1/2 per cent, and for 13,260-day bills at 4 1/2 per cent. For 13,290-day bills at 4 1/2 per cent, and for 13,320-day bills at 4 1/2 per cent. For 13,350-day bills at 4 1/2 per cent, and for 13,380-day bills at 4 1/2 per cent. For 13,410-day bills at 4 1/2 per cent, and for 13,440-day bills at 4 1/2 per cent. For 13,470-day bills at 4 1/2 per cent, and for 13,500-day bills at 4 1/2 per cent. For 13,530-day bills at 4 1/2 per cent, and for 13,560-day bills at 4 1/2 per cent. For 13,590-day bills at 4 1/2 per cent, and for 13,620-day bills at 4 1/2 per cent. For 13,650-day bills at 4 1/2 per cent, and for 13,680-day bills at 4 1/2 per cent. For 13,710-day bills at 4 1/2 per cent, and for 13,740-day bills at 4 1/2 per cent. For 13,770-day bills at 4 1/2 per cent, and for 13,800-day bills at 4 1/2 per cent. For 13,830-day bills at 4 1/2 per cent, and for 13,860-day bills at 4 1/2 per cent. For 13,890-day bills at 4 1/2 per cent, and for 13,920-day bills at 4 1/2 per cent. For 13,950-day bills at 4 1/2 per cent, and for 13,980-day bills at 4 1/2 per cent. For 14,010-day bills at 4 1/2 per cent, and for 14,040-day bills at 4 1/2 per cent. For 14,070-day bills at 4 1/2 per cent, and for 14,100-day bills at 4 1/2 per cent. For 14,130-day bills at 4 1/2 per cent, and for 14,160-day bills at 4 1/2 per cent. For 14,190-day bills at 4 1/2 per cent, and for 14,220-day bills at 4 1/2 per cent. For 14,250-day bills at 4 1/2 per cent, and for 14,280-day bills at 4 1/2 per cent. For 14,310-day bills at 4 1/2 per cent, and for 14,340-day bills at 4 1/2 per cent. For 14,370-day bills at 4 1/2 per cent, and for 14,400-day bills at 4 1/2 per cent. For 14,430-day bills at 4 1/2 per cent, and for 14,460-day bills at 4 1/2 per cent. For 14,490-day bills at 4 1/2 per cent, and for 14,520-day bills at 4 1/2 per cent. For 14,550-day bills at 4 1/2 per cent, and for 14,580-day bills at 4 1/2 per cent. For 14,610-day bills at 4 1/2 per cent, and for 14,640-day bills at 4 1/2 per cent. For 14,670-day bills at 4 1/2 per cent, and for

STOCK EXCHANGE DEALINGS

from the Official List for Oct. 27

Wednesday, October 27 11,372 Monday, October 25 11,695 Thursday, October 21 11,695
 Tuesday, October 26 12,511 Friday, October 22 12,209 Wednesday, October 20 13,597

The list below gives the prices at which bargains were recorded in the Stock Exchange Daily Official List. Members are not obliged to mark bargains except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business was done.

Bargains are recorded in the Official List up to 3.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a

bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in new pence and fractions of new pence.

Bargains done previous day. 2 Bargains done with members of a recognised stock exchange. 3 Bargains done with members of a recognised stock exchange. 4 Bargains done with members of a recognised stock exchange. 5 Bargains done with members of a recognised stock exchange.

COMMONWEALTH GOVT. AND SECURITIES (243)
 REGISTERED AND INSCHRIED STOCKS

COMMONWEALTH CORP. STOCKS (3)
 FOREIGN STKS. BDS. ETC. (7)
 COUPONS PAYABLE IN LONDON

U.K. AND COMMONWEALTH RAILWAYS (7)
 FOREIGN RAILWAYS (5)
 BANKS & DISCOUNT COS. (378)

CANALS & DOCKS (13)
 COMMERCIAL INDUST. (611)
 A-B

C-D
 E-F
 G-H
 I-M
 N-O
 P-Q
 R-S
 T-V
 W-X
 Y-Z

U.K. ECONOMIC INDICATORS

General Unit Oct. Sept. Aug. Oct. Sept. Aug.
 Unemployment... 1971 1970 1971 1970 1971 1970 1971 1970

Bank advances... 1971 1970 1971 1970 1971 1970 1971 1970
 Basic materials... 1971 1970 1971 1970 1971 1970 1971 1970

Wage rates... 1971 1970 1971 1970 1971 1970 1971 1970
 Retail prices... 1971 1970 1971 1970 1971 1970 1971 1970

Trade and industry... 1971 1970 1971 1970 1971 1970 1971 1970
 Imports f.o.b... 1971 1970 1971 1970 1971 1970 1971 1970

Exports f.o.b... 1971 1970 1971 1970 1971 1970 1971 1970
 Visible trade balance... 1971 1970 1971 1970 1971 1970 1971 1970

Steel (wkly. av.)... 1971 1970 1971 1970 1971 1970 1971 1970
 TV sets... 1971 1970 1971 1970 1971 1970 1971 1970

Radios, r/cams... 1971 1970 1971 1970 1971 1970 1971 1970
 Man-made fibres... 1971 1970 1971 1970 1971 1970 1971 1970

Cars... 1971 1970 1971 1970 1971 1970 1971 1970
 Comm. vehicles... 1971 1970 1971 1970 1971 1970 1971 1970

Houses complet'd... 1971 1970 1971 1970 1971 1970 1971 1970
 Cement (wkly. average)... 1971 1970 1971 1970 1971 1970 1971 1970

Bricks... 1971 1970 1971 1970 1971 1970 1971 1970
 Carriers (turnover)... 1971 1970 1971 1970 1971 1970 1971 1970

Furniture... 1971 1970 1971 1970 1971 1970 1971 1970
 Turnover... 1971 1970 1971 1970 1971 1970 1971 1970

Textiles (orders on hand)... 1971 1970 1971 1970 1971 1970 1971 1970
 Raw cotton (weekly av.)... 1971 1970 1971 1970 1971 1970 1971 1970

Consumer spend... 1971 1970 1971 1970 1971 1970 1971 1970
 1971 1970 1971 1970 1971 1970 1971 1970

Factory approvals... 1971 1970 1971 1970 1971 1970 1971 1970
 Machine tools... 1971 1970 1971 1970 1971 1970 1971 1970

Building and civil engineering... 1971 1970 1971 1970 1971 1970 1971 1970
 Plastics... 1971 1970 1971 1970 1971 1970 1971 1970

Production, deliveries, net sales, consumption, great Britain, not seasonally adjusted, seasonally adjusted, all non-food manufacturing industries, excluding car radios.

NOTE—Foreign Trade figures are seasonally adjusted.

Quantity Cleaners (200) 420
 Queen Street Warehouse (100) 13. 50c
 Queens Modern Motors (100) 17 4

R.C.P. Niles (250) 800 75 50
 R.F. T. (250) 120 2 1/2
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F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Wednesday, Oct. 27, 1971		Tuesday, Oct. 26, 1971		Monday, Oct. 25, 1971		Friday, Oct. 22, 1971		Thursday, Oct. 21, 1971		Year ago (approx)		Highs and Lows Index	
GROUPS & SUB-SECTIONS		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	1970
CAPITAL GOODS GROUP (184)		158.36	+1.5	156.00	+1.2	155.00	+1.0	154.00	+0.8	153.00	+0.6	152.00	+0.4	152.00	152.00
Aircraft and Components (3)		158.43	+3.2	155.00	+2.5	154.00	+2.0	153.00	+1.5	152.00	+1.0	151.00	+0.5	151.00	151.00
Building Materials (29)		158.97	+1.9	157.00	+1.5	156.00	+1.2	155.00	+1.0	154.00	+0.8	153.00	+0.6	153.00	153.00
Contracting and Construction (20)		159.40	+0.7	157.00	+0.5	156.00	+0.4	155.00	+0.3	154.00	+0.2	153.00	+0.1	153.00	153.00
Electrical (ex. Electr. Rad. & TV) (13)		159.23	+0.3	157.00	+0.2	156.00	+0.1	155.00	+0.1	154.00	+0.0	153.00	+0.0	153.00	153.00
Engineering (79)		159.99	+1.0	157.00	+0.8	156.00	+0.6	155.00	+0.4	154.00	+0.2	153.00	+0.1	153.00	153.00
Machine Tools (15)		159.97	+1.4	157.00	+1.0	156.00	+0.8	155.00	+0.6	154.00	+0.4	153.00	+0.2	153.00	153.00
Miscellaneous (25)		158.48	+1.8	156.00	+1.5	155.00	+1.2	154.00	+1.0	153.00	+0.8	152.00	+0.6	152.00	152.00
CONSUMER GOODS (DURABLE) GROUP (56)		178.97	+1.7	176.00	+1.5	175.00	+1.2	174.00	+1.0	173.00	+0.8	172.00	+0.6	172.00	172.00
Electronics, Radio and TV (14)		188.01	+1.8	185.00	+1.6	184.00	+1.3	183.00	+1.0	182.00	+0.8	181.00	+0.6	181.00	181.00
Household Goods (15)		180.99	+0.8	178.00	+0.6	177.00	+0.4	176.00	+0.3	175.00	+0.2	174.00	+0.1	174.00	174.00
Motors and Distributors (27)		126.56	+1.9	124.00	+1.6	123.00	+1.3	122.00	+1.0	121.00	+0.8	120.00	+0.6	120.00	120.00
CONSUMER GOODS (NON-DURABLE) GROUP (173)		162.28	+1.6	160.00	+1.4	159.00	+1.1	158.00	+0.9	157.00	+0.7	156.00	+0.5	156.00	156.00
Beverages (21)		162.70	+2.4	160.00	+2.0	159.00	+1.7	158.00	+1.4	157.00	+1.1	156.00	+0.8	156.00	156.00
Wines and Spirits (7)		163.70	+3.0	160.00	+2.5	159.00	+2.0	158.00	+1.5	157.00	+1.0	156.00	+0.5	156.00	156.00
Entertainment and Catering (15)		232.56	+0.9	230.00	+0.7	229.00	+0.5	228.00	+0.4	227.00	+0.3	226.00	+0.2	226.00	226.00
Food Manufacturing (24)		141.94	—	140.00	—	139.00	—	138.00	—	137.00	—	136.00	—	136.00	136.00
Food Retailing (17)		166.30	+1.0	164.00	+0.8	163.00	+0.6	162.00	+0.4	161.00	+0.3	160.00	+0.2	160.00	160.00
Newspapers and Publishing (15)		162.33	+0.2	160.00	+0.1	159.00	+0.1	158.00	+0.0	157.00	+0.0	156.00	+0.0	156.00	156.00
Packaging and Paper (16)		115.01	+2.1	113.00	+1.8	112.00	+1.5	111.00	+1.2	110.00	+1.0	109.00	+0.8	109.00	109.00
Stores (30)		156.83	+1.7	154.00	+1.4	153.00	+1.1	152.00	+0.9	151.00	+0.7	150.00	+0.5	150.00	150.00
Textiles (21)		172.88	+0.4	170.00	+0.3	169.00	+0.2	168.00	+0.1	167.00	+0.1	166.00	+0.0	166.00	166.00
Tobacco (3)		214.65	+1.9	212.00	+1.6	211.00	+1.3	210.00	+1.0	209.00	+0.8	208.00	+0.6	208.00	208.00
Toys and Games (6)		53.88	+1.5	52.00	+1.2	51.00	+1.0	50.00	+0.8	49.00	+0.6	48.00	+0.4	48.00	48.00
OTHER GROUPS		181.86	+1.4	179.00	+1.1	178.00	+0.9	177.00	+0.7	176.00	+0.5	175.00	+0.4	175.00	175.00
Chemicals (19)		173.33	+0.7	171.00	+0.6	170.00	+0.5	169.00	+0.4	168.00	+0.3	167.00	+0.2	167.00	167.00
Office Equipment (10)		387.16	+0.9	384.00	+0.7	383.00	+0.6	382.00	+0.5	381.00	+0.4	380.00	+0.3	380.00	380.00
Shipping (10)		199.79	+1.4	197.00	+1.1	196.00	+0.9	195.00	+0.7	194.00	+0.6	193.00	+0.5	193.00	193.00
Miscellaneous (unclassified) (44)		160.15	+1.4	158.00	+1.1	157.00	+0.9	156.00	+0.7	155.00	+0.6	154.00	+0.5	154.00	154.00
INDUSTRIAL GROUP (498 SHARES)		182.42	+1.9	180.00	+1.6	179.00	+1.3	178.00	+1.0	177.00	+0.8	176.00	+0.6	176.00	176.00
Oil (2)		384.78	+0.7	382.00	+0.5	381.00	+0.4	380.00	+0.3	379.00	+0.2	378.00	+0.1	378.00	378.00
500 SHARE INDEX		182.42	+1.9	180.00	+1.6	179.00	+1.3	178.00	+1.0	177.00	+0.8	176.00	+0.6	176.00	176.00
FINANCIAL GROUP (121)		169.55	+1.3	167.00	+1.0	166.00	+0.8	165.00	+0.6	164.00	+0.5	163.00	+0.4	163.00	163.00
Banks (6)		170.19	+1.7	168.00	+1.4	167.00	+1.1	166.00	+0.9	165.00	+0.7	164.00	+0.6	164.00	164.00
Discount Houses (8)		200.15	+0.5	198.00	+0.4	197.00	+0.3	196.00	+0.2	195.00	+0.1	194.00	+0.1	194.00	194.00
Hire Purchase (6)		179.47	—	177.00	—	176.00	—	175.00	—	174.00	—	173.00	—	173.00	173.00
Insurance (Life) (9)		191.73	+2.3	189.00	+2.0	188.00	+1.7	187.00	+1.4	186.00	+1.1	185.00	+0.9	185.00	185.00
Insurance (Composite) (9)		173.45	+0.9	171.00	+0.7	170.00	+0.5	169.00	+0.4	168.00	+0.3	167.00	+0.2	167.00	167.00
Insurance (Brokers) (11)		173.45	+0.9	171.00	+0.7	170.00	+0.5	169.00	+0.4	168.00	+0.3	167.00	+0.2	167.00	167.00
Investment Trusts (20)		184.68	+0.8	182.00	+0.6	181.00	+0.5	180.00	+0.4	179.00	+0.3	178.00	+0.2	178.00	178.00
Merchant Banks, Issuing Houses (14)		176.64	+0.8	174.00	+0.6	173.00	+0.5	172.00	+0.4	171.00	+0.3	170.00	+0.2	170.00	170.00
Property (31)		280.34	+0.8	277.00	+0.6	276.00	+0.5	275.00	+0.4	274.00	+0.3	273.00	+0.2	273.00	273.00
Miscellaneous (9)		191.13	+1.7	188.00	+1.4	187.00	+1.1	186.00	+0.9	185.00	+0.7	184.00	+0.6	184.00	184.00
ALL-SHARE INDEX (821 SHARES)		178.19	+1.3	176.00	+1.0	175.00	+0.8	174.00	+0.6	173.00	+0.5	172.00	+0.4	172.00	172.00
COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)															
Rubbers (10)		949.19	+2.8	945.00	+2.5	943.00	+2.2	941.00	+1.9	939.00	+1.6	937.00	+1.3	937.00	937.00
Teas (10)		103.79	+0.3	102.00	+0.2	101.00	+0.1	100.00	+0.1	99.00	+0.0	98.00	+0.0	98.00	98.00
Coppers (4)		242.27	+0.2	240.00	+0.1	239.00	+0.1	238.00	+0.0	237.00	+0.0	236.00	+0.0	236.00	236.00
Mining Finance (11)		74.95	+1.1	73.00	+0.9	72.00	+0.7	71.00	+0.5	70.00	+0.4	69.00	+0.3	69.00	69.00
Tins (8)		73.18	+1.3	71.00	+1.0	70.00	+0.8	69.00	+0.6	68.00	+0.4	67.00	+0.3	67.00	67.00
FIXED INTEREST															
Consols 2½% yield		85.09	+0.66	84.43	+0.61	83.78	+0.56	83.13	+0.51	82.48	+0.46	81.83	+0.41	81.83	81.83
20-yr. Govt. Stocks (6)		85.09	+0.66	84.43	+0.61	83.78	+0.56	83.13	+0.51	82.48	+0.46	81.83	+0.41	81.83	81.83
20-yr. Red. Debentures & Loans (15)		79.44	+1.24	78.20	+1.00	77.00	+0.76	75.80	+0.52	74.60	+0.28	73.40	+0.04	73.40	73.40
Investment Trusts Prefs. (15)		78.78	+0.93	77.85	+0.76	76.92	+0.59	75.99	+0.42	75.06	+0.25	74.13	+0.04	74.13	74.13
Commercial and Indust. Prefs. (20)		83.94	+0.02	83.92	+0.01	83.90	+0.00	83.88	+0.00	83.86	+0.00	83.84	+0.00	83.84	83.84

INDUSTRIAL GROUP (498 SHARES)		160.15	+1.4	5.50	18.18	6.60	166.74	166.31	167.27	167.98	—	176.51	160.31	176.51	120.53
												14.09	12.31	14.67	12.57
Oil (2)		384.78	+0.7	6.06	18.90	3.97	322.63	512.35	324.47	327.48	389.18	393.50	260.74	421.66	87.23
							12.71	12.71	12.71	12.71	12.71	12.71	12.71	12.71	12.71
500 SHARE INDEX		182.42	+1.9	5.58	17.51	3.64	180.05	179.39	180.97	181.60	147.45	180.53	138.46	182.73	84.66
							12.71	12.71	12.71	12.71	12.71	12.71	12.71	12.71	12.71
FINANCIAL GROUP (121)		169.55	+1.3	—	—	2.87	187.48	166.78	168.93	169.91	182.28	178.43	119.73	178.48	82.28
Banks (6)		170.19	+1.7	8.11	19.93	2.99	167.39	163.26	166.78	168.94	180.25	182.54	161.19	178.48	82.28
Discount Houses (8)		200.15	—	—	—	9.23	200.77	198.91	188.18	188.78	191.79	201.01	181.11	188.94	84.94
Hire Purchase (6)		179.47	—	4.66	81.98	2.91	279.37	282.91	286.06	289.57	197.08	300.44	188.59	306.94	81.02
Insurance (Life) (9)		191.73	+2.3	—	—	3.00	146.96	146.48	147.80	148.80	185.54	170.47	185.19	170.47	82.39
Insurance (Composite) (9)		173.45	+1.9	—	—	3.35	191.07	190.31	183.98	185.10	88.91	140.87	189.20	140.87	84.40
Insurance (Brokers) (11)		173.45	+0.7	9.09	18.68	8.65	177.99	171.98	173.93	173.87	114.08	181.53	180.92	182.40	82.40
Investment Trusts (20)		184.68	+0.8	3.06	33.70	2.88	185.90	185.14	185.99	186.88	163.37	180.52	181.19	185.04	80.04
Merchant Banks, Issuing Houses (14)		176.64	+0.8	—	—	9.22	214.08	213.91	213.69	214.80	130.17	187.54	188.41	187.94	80.41
Property (31)		280.34	+0.8	—	—	8.28	218.06	218.77	218.31	217.19	159.99	226.76	198.21	228.78	59.01
Miscellaneous (9)		191.13	+1.7	6.39	18.57	4.01	187.98	188.55	189.58	180.99	—	183.72	180.99	180.99	80.99

ENGINEERING AND METAL—Gen. Cont.

HOTELS AND CATERERS—Contd.

[illegible][illegible][illegible]

57	Camper 10p	48	2	425	1.4
58	Champion 10p	48	2	425	1.4
1014	Champion 10p	47	2	400	2.4
59	Channing-Croft 10p	54	5	10	1.7
60	Channing-Croft 10p	54	5	10	1.7
110	Cape 10p	56	1	270	1.5
61	Cape 10p	56	1	270	1.5
62	Cape 10p	56	1	270	1.5
63	Cape 10p	56	1	270	1.5
72	Caracas Int20p	75	13	10	2.4
64	Caracas Int20p	75	13	10	2.4
65	Caracas Int20p	75	13	10	2.4
73	Caracas Int20p	75	13	10	2.4
66	Caracas Int20p	75	13	10	2.4
67	Caracas Int20p	75	13	10	2.4
68	Caracas Int20p	75	13	10	2.4
69	Caracas Int20p	75	13	10	2.4
70	Caracas Int20p	75	13	10	2.4
71	Caracas Int20p	75	13	10	2.4
74	Caracas Int20p	75	13	10	2.4
75	Caracas Int20p	75	13	10	2.4
76	Caracas Int20p	75	13	10	2.4
77	Caracas Int20p	75	13	10	2.4
78	Caracas Int20p	75	13	10	2.4
79	Caracas Int20p	75	13	10	2.4
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105	Caracas Int20p	75	13	10	2.4
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116	Caracas Int20p	75	13	10	2.4
117	Caracas Int20p	75	13	10	2.4
118	Caracas Int20p	75	13	10	2.4
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121	Caracas Int20p	75	13	10	2.4
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124	Caracas Int20p	75	13	10	2.4
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126	Caracas Int20p	75	13	10	2.4
127	Caracas Int20p	75	13	10	2.4
128	Caracas Int20p	75	13	10	2.4
129	Caracas Int20p	75	13	10	2.4
130	Caracas Int20p	75	13	10	2.4
131	Caracas Int20p	75	13	10	2.4
132	Caracas Int20p	75	13	10	2.4</

12	Eastern Prod. Co.	76	177	0
13	Eastman	76	177	0
14	Eastman	76	177	0
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97	Eastman	76	177	0
98	Eastman	76	177	0
99	Eastman	76	177	0
100	Eastman	76	177	0

[illegible]

TEAS—Continued

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Index rose 6.9 to 412.8

THE LEX COLUMN

The growth projections for Debenhams

A 10 per cent. rise in sales to £66.6m. and a 19 per cent. rise in profits on a comparable basis to £2.08 pre-tax in Debenhams' relatively unimportant first half to mid-August disappointed the market a bit and left the shares 2p off at 226p against a bullish background. The sales performance is in fact a couple of points better than the department store average for the period and the profit gain is roughly in line with the more sober estimates.

The result in any case confirms that the group's store closures, its tightening up on staff and its continuing improvement in the stock turn are still helping profits margins; and though the purchase tax reductions only prompted selective price cuts from Debenhams, they still depressed first-half profits by about £100,000. In the second half, in turn, the group should have more going for it in market conditions, with the main benefits from consumer durable buoyancy yet to be realised, a generally higher rate of increase in department store volume than the 1 per cent. or

so to date this year, and a good autumn for fashion. All this suggests that a profit increase of a fifth to £2.9m. could be a confident projection for the year, taking earnings to 13p against 10.6p and the prospective p/e to 17.1. This is very fair on the assumption of a continuing high inflation rate, for Debenhams' low net cash flow (£2m. to £3m.) seems to pre-empt high volume growth projections.

See also Page 27

sheet gives assets of 77p a share, against 123p a year ago. Meanwhile the group still has to find £2.9m. of the £5m. extra working capital requirement disclosed three weeks ago. There is nothing to give any cheer to the share price at 191p, where the market capitalisation is £3.3m.

See also Page 28

Butlin's
Butlin's will make lower profits this year, and the blame is being laid fairly and squarely on the postal strike; ahead of the stoppage bookings were 16 per cent. better than for the same period in 1970 but the group effectively lost its peak selling season—in which 30 per cent. of bookings are normally received. In the event, volume was some 2 per cent. down, with a 10 per cent. gain in on-site customer spending being offset by a swing towards the cheaper self-service tariff. Overall revenue will work out hardly better than the £17.7m. of 1970. Since outgoings were geared to higher volume and better service and could not be significantly cut back (SET was

a fortuitous exception, however) earnings will be down. How much down is a moot point. Butlin's was expecting around £20,000 bookings against an actual £50,000 or so and thus revenue must have been at least £1m. under budget this season. Some of that will come off the budgeted profits rise, rather than 1970's £3.5m. pre-tax, but even so £3m. looks a maximum figure this time.

See also Page 28

Gallaher
Quarter by quarter this year, Gallaher has become visibly less apprehensive about the outcome.

Six months ago it was a same-again profits forecast for 1971, in July it was "only slightly" higher, and to-day's third quarter progress report has upgraded that to "rather better." The third quarter is only marginally higher at 16m. pre-tax against 15.5m. but it would have taken a positive decline in both third and fourth quarters to trim back the £2m. gain to £10.5m. in the first six months; and that decline, now, seems unlikely to happen.

Gallaher gives a lot of the credit to its non-tobacco interests where Monro Pumps has blossomed in the Hughes and Metering acquisitions and where Dullond and Atchison (ex Slater Walker, in optical retailing) has apparently thrived on Gallaher's view of a commercial approach. In cigarettes, Gallaher has probably come back a little, from something like 25.3 to 25 per cent. of the market but it has been putting on market share at the premium end of the cigarette range. In the round, then, it could stand a marginal decline in the final

quarter and come out with profits up £2m. from last year's £18.4m., earnings of 16.5p a share and a p/e of only 7.7 at 125p.

See also Page 27

Int. Timber
Including 15 months from Horsley Smith, International Timber's £1.88m. before convertible loan interest and tax compares with a combined £1.4m. in 1969-70. Since the extra three months from the acquisition could not have made much difference and the previous year's £200,000 softwood losses were heavier in the second half, there is no obvious improving trend. Yet, merger benefits start to flow this year and the constituents' stock turn does look to have been worse than the industry majors' average. Considering the extent to which timber merchants are bank financed, and that the savings on import deposits should be upwards of £100,000, a fully diluted p/e of roughly 15 at 147p should be reasonable enough at this stage of the cycle.

See also Page 27

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Weather

U.K. TO-DAY
A large anticyclone will cover the British Isles and much of Western Europe. Most districts will continue dry, and there will be long sunny periods after the clearance of early fog patches. In Ireland and parts of W. Scotland, however, may be rather cloudy at times. Though some inland areas will have slight frost at first, most places will become rather warm by afternoon.

London: E. Anglia: S.E.; Cent. S. and E. England; E. Midlands: S. Wales; Dry with long sunny periods. Wind E. to S.E. moderate, fresh at times. Max. 14C (57F).
W. Midlands: N. Wales; Lakes: N.W. and Cent. N. England: Dry with long sunny periods. Some mist patches at first. Wind S.E. light or moderate. Max. 15C (59F).
Channel Is.: S.W. England: Mostly sunny, but cloudy in places at first. Wind E. to S.E. moderate. Max. 14C (57F).
I. of Man: Dry with sunny spells. Wind S.E. moderate. Max. 13C (55F).
N.E. England: Borders: E. and S.W. Scotland: Edinburgh: Glasgow: Dundee: Cent. Highlands: Dry with sunny periods. A few fog patches at first. Wind S.E. light or moderate. Max. 13C (55F).
W. Scotland: Orkney: Shetland: Dry with sunny spells. Wind S. moderate. Max. 12C (54F).
Outlook: Little change.
Lighting: London 18.12; Glasgow 18.17; Belfast 18.27.

BUSINESS CENTRES		
City	Mid-day	Y'day
Amsterdam	11.30	11.30
Bahran	11.30	11.30
Bombay	11.30	11.30
Buenos Aires	11.30	11.30
Calcutta	11.30	11.30
Canton	11.30	11.30
Cebu	11.30	11.30
Hankow	11.30	11.30
Hong Kong	11.30	11.30
Kobe	11.30	11.30
London	11.30	11.30
Lyons	11.30	11.30
Manila	11.30	11.30
Medan	11.30	11.30
Osaka	11.30	11.30
Panama	11.30	11.30
Paris	11.30	11.30
Perth	11.30	11.30
Rangoon	11.30	11.30
San Francisco	11.30	11.30
Singapore	11.30	11.30
Sourabaya	11.30	11.30
Tokyo	11.30	11.30
Yokohama	11.30	11.30

HOLIDAY RESORTS		
City	Today	Y'day
Amsterdam	11.30	11.30
Bahran	11.30	11.30
Bombay	11.30	11.30
Buenos Aires	11.30	11.30
Calcutta	11.30	11.30
Canton	11.30	11.30
Cebu	11.30	11.30
Hankow	11.30	11.30
Hong Kong	11.30	11.30
Kobe	11.30	11.30
London	11.30	11.30
Lyons	11.30	11.30
Manila	11.30	11.30
Medan	11.30	11.30
Osaka	11.30	11.30
Panama	11.30	11.30
Paris	11.30	11.30
Perth	11.30	11.30
Rangoon	11.30	11.30
San Francisco	11.30	11.30
Singapore	11.30	11.30
Sourabaya	11.30	11.30
Tokyo	11.30	11.30
Yokohama	11.30	11.30

Rolls signs Pegasus pact with Pratt and Whitney

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE (1971) and Pratt and Whitney of the U.S. have signed an agreement covering the joint development of advanced versions of the Rolls-Royce Pegasus jet engine for use in the U.S. and U.S. armed services' needs.

In addition, Pratt and Whitney has been given an option to make the Pegasus under licence in the U.S.

This deal, announced jointly yesterday, is one of the most significant international engine licence deals yet formulated. The Pegasus is the "vector thrust" or "swivelling nozzle" engine used in the Hawker Siddeley Harrier vertical take-off fighter now being built for the RAF and the U.S. Marine Corps.

So far, these aircraft are being built in the U.S. and despite current Congressional insistence that the balance of the 114 ought to be built in the U.S., it is likely that they will in fact be built in the U.S.

This is because it would now probably be much too expensive to tool up a production line for the balance of 34 aircraft out of the 114 planned for the Marine Corps, as well as substantially delaying the introduction of the rest of the aircraft into service in the U.S.

But the most significant aspect of the deal is the fact that the balance of the 114 planned for the Marine Corps, as well as substantially delaying the introduction of the rest of the aircraft into service in the U.S.

Pratt and Whitney Division of United Aircraft Corporation is one of the two U.S. engine "giants", the other being General Electric. Pratt and Whitney has already had licence agreements with Rolls-Royce, covering early jet engines such as the Nene and Tay, known in the U.S. as the Pratt and Whitney J-42 and J-48, of which over 7,000 were built. The new Pegasus engine now involved was originally developed with a U.S. Government finan-

cial contribution under Mutual Weapons Development Funds. Hawker Siddeley Aviation already has arrangements with the U.S. McDonnell Douglas Corporation, of St. Louis, Missouri, whereby that company could manufacture the Harrier jump-jet aircraft in the U.S. if that should become necessary.

Thus, the stage is now being set for the possible eventual production of the entire Harrier "package"—airframe and engine—in the U.S.

Currently, the U.S. Marine Corps has plans to buy a total of 114 Harriers. Of these, it has a firm order for 20, which are in process of manufacture and delivery, and has authorised purchase of long-lead materials for another 30.

So far, these aircraft are being built in the U.S. and despite current Congressional insistence that the balance of the 114 ought to be built in the U.S., it is likely that they will in fact be built in the U.S.

This would give the U.S. Navy an aircraft of wider operational flexibility than that for the Marine Corps.

It is thought increasingly likely, therefore, that the U.S. Navy may buy directly from Hawker Siddeley one or two present-type Harriers for its own evaluation purposes.

If it then decided it wanted more, it would almost certainly have to have the aircraft under licence—both engines and airframes—in the U.S. In order to overcome the recently-expressed Congressional Opposition to having military aircraft bought from overseas.

The deal with Pratt and Whitney, therefore, can be interpreted at least in one sense as a means of ensuring that there are licence manufacturing facilities available in the U.S. on the Pegasus engine as well as the Harrier aircraft to encourage the U.S. Navy in its interest in that aircraft.

Significant
The licence deal with Pratt and Whitney is significant in two other ways. It reflects the desire of Rolls-Royce (1971) to be fully commercial, by making as much money as it can from its engines. Licence deals can bring in substantial sums over the years.

Grand Met. offering £20m. of 8½% stock

S. G. WARBURG and Co. has arranged to handle an offer for sale of £20m. 8½ per cent. Unsecured Loan stock 1980 in Grand Metropolitan Hotels at 250p per cent. Brokers are Panmure Gordon and Co. It is understood that this is the first offer for sale by a British company of a medium-sized loan stock. Holders of the Grand Metropolitan equity and most of the outstanding stocks will receive preferential treatment.

At the offer price the running yield is 8.59 per cent., while the yield to redemption is 8.67 per cent. Proceeds of the issue will be used to reduce the bank borrowings.

Full details are expected to be published on Saturday.

Warning on London dock threat
LONDON port employers, who are offering more than £1m. in voluntary severance payments to nearly 800 dock workers, were warned yesterday that the row over surplus labour would close the docks on Monday.

The threat of a strike came from the tally clerks' officers of both the Transport and General Workers' Union and the National Amalgamated Stevedores and Dockers.

They are protesting against a decision by the London Dock Labour Board that 31 tally clerks, who check cargo on to and off ships, could be returned to the unattached register by two employers.

First Catholic in Ulster Cabinet

BY JOHN GRAHAM

ON A DAY when two more British soldiers were killed by a terrorist bomb, bringing the total to 30 this year, Mr. Brian Faulkner, the Northern Ireland Premier, set an historic precedent by appointing a Roman Catholic to the Cabinet.

The new Cabinet Minister is Dr. G. B. Newe, a prominent figure in the Catholic Church and well known as secretary of the Belfast Council of Social Welfare. He is not a member of any political party and does not expect to become one.

Mr. Faulkner has asked him "to establish and maintain contact with the various elements of the Catholic population," and wants it to be clearly seen that the point of view of the religious minority "is adequately taken into account by the Government."

Dr. Newe, who is 64, will be Minister of State at the department of the Prime Minister. He is the first Catholic ever to be in a Northern Ireland Cabinet.

The need for this attempt to reconcile the two communities was dramatised by to-day's violence. The two soldiers were members of the Royal Artillery, and were killed instantly when a bomb was thrown at their post in Londonderry. One of them was only 18.

Another soldier, a Royal Marine, is very seriously injured after being shot in an ambush in Belfast late last night. Other soldiers were wounded in various clashes.

Reprisals
The authorities believe that the IRA is executing a policy of reprisal for its members killed by the Army last week-end. At least two new tactics have appeared this week. The first of them is to attack members of the Royal Ulster Constabulary.

Last night, seven policemen were injured when the police station at Larne was bombed, but there were no fatalities. Attacks on no fewer than 10 houses. These were the homes of policemen, or of their relatives, or of former policemen. Mr. Anderson, appointed to the Government yesterday with special responsibility for security, said to-day that he hoped for better cooperation for the security forces.

The second tactic adopted by the IRA, at least according to the British Army, is the use of young people. Soldiers in a Land-Rover were ambushed to-day by two boys said to be aged about 13 or 14. The boys fired at them with machine guns but their aim was bad; the soldiers did not fire back.

One of the soldiers, a member of the Scots Guards, said he was amazed when he saw who was shooting at him. He added that since it was his life they were trying to get, he would shoot back in similar situations.

Major Johnson, commanding officer of the 1st Battalion Scots Guards, continued that soldiers would fire back and fire to kill, regardless of age. "If they are boys, they will be shot," he said. With the situation becoming daily worse in terms of open shooting engagements, it is difficult to see how political reconciliation between the various communities can be achieved.

Dr. Newe said he had not accepted Mr. Faulkner's invitation without satisfying himself that his appointment "is intended to be very much more than a token symbol."

However, the charge of tokenism is certain to be raised, especially as Dr. Newe said: "I recognise that I have no mandate from anybody, and certainly will not claim to speak for the Catholic community."

A democracy run riot Page 37

Allied chief sends another letter to THF chairman

BY KENNETH GOODING

ALLIED BREWERIES is still keen on a possible merger with the Trust House Forte if the right terms can be worked out. This became clear last night when Allied revealed another personal letter had been sent by its chairman Mr. Joe Thorley to Lord Crowthier, chairman of THF.

The letter was not sent out until about 5.30 last night and to give Lord Crowthier time to discuss it with the other THF directors. Allied's advisers N. M. Rutledge will not be releasing the text until to-day.

It can safely be assumed, however, that the letter does not contain any suggestion of possible bid terms. If Allied had made up its mind on these it would be unlikely to wait for information overnight, and chance a possible "leak" early this morning.

The Allied Board meeting, at which the situation was discussed, lasted from 11 a.m. to 2.30 p.m. with just a short break for lunch yesterday.

While it was going on the THF share price fell 10p to 145p, wiping nearly £3m. off the market value of the group, as the rumours that Allied might quietly leave the scene gained ground.

Buyers came in later — the shares were the most active on the market yesterday — and the price ended up at 150p, down 2p on the overnight level.

The Allied's Ordinary and Deferred Ordinary shares showed some strength yesterday and there were suggestions that this could indicate they were finding support in front of a bid.

It was also being pointed out in the stock market that, with the ordinary up 5p at 110p and the Deferred up 5p at 110p, the differential between the two stocks had narrowed considerably.

If it is possible to pass unchallenged by the anti-Market laws in Brussels—the most important issue still outstanding is the Treaty of Accession to be signed and ratified. This should happen by the end of December or early in the New Year.

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After to-night's division Ministers will have to prepare for many months of complex legislation before the U.K.'s anticipated entry to the Community in January 1973.

It had been widely assumed that there would be a short enabling Bill early in the new session. The Government will be in considerable difficulty if the delay is too great, as the necessary statutory instruments bringing British institutions and regulations in line with the Treaty of Rome are dependent on the Bill.

Market vote awaited

Continued from Page 1

the decision to oppose entry into the Common Market and calling on the whole party to campaign for a general election. Surprisingly, Mr. James Callaghan and Mr. Denis Healey voted with the pro-Market minority.

But Mr. Anthony Wedgwood Benn, chairman of the executive, succeeded in persuading it to shelve for the time being a more militant proposal moved by Mr. Russell Kerr, a leader of the Left-wing Tribune group of Labour MPs, attacked Mr. Jenkins in a message to his local party

at Folkeham Mr. Kerr said that the spectacle of the Deputy Leader, without any suggestion of resignation, and in open defiance of the party, leading his followers into the Tory lobby was quite unprecedented. He added: "It will rightly be greeted with anger and a sense of betrayal by the rank and file. Ramsay MacDonald at least had the grace to quit in his seat of office. The arrogance of some Labour pro-Market is quite breathtaking. The mantle of divine infallibility has become a social sin."

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Talks open on Britten-Norman

By Michael Donne, Aerospace Correspondent

Mr. Maurice Ekmann, the receiver for Britten-Norman, the builder of Wight aircraft manufacturer, has now begun his discussions with parties interested in taking over the company.

There are about half a dozen of these, and it is understood that all their approaches are being regarded seriously by the receiver. But it is expected to be several days before he will be in any position to make a further statement on the situation.

In the meantime, the factory at Bournemouth will continue to build and service Islander aircraft. It is the receiver's intention to keep the company in production so as to be able to sell it as a going concern.

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